Put people first

Unilever's senior vice president discusses fundamental shifts in marketing

SUMAN SAHA

THREE major changes -- realisation of the need for sustainable business, an information technology revolution and a rise of new market opportunities -- have shed a new light on marketing, said Marc Mathieu, Unilever's senior vice president for marketing.

"These fundamental shifts have ignited a radical reinvention of marketing," he said. "And it is people -- not organisations -- who are driving this change."

"The world revolves around them, not us. We must embrace that."

During his visit to Bangladesh to attend a speaking engagement at the first-ever World Marketing Summit, Mathieu also said: "Capitalism is at a junction today and so is marketing. These shifts, therefore, have forever changed the world and have ushered in a new era."

Mathieu talked about three major changes in marketing at recent times.

The first is sustainability. The realisation of a sustainable living is rapidly raising expectations, and prompting demand for change, both inside and outside corporations.

The second is D&E (developing and emerging) market. Every two months in the developing world, the equivalent of a city which is as big as the size of Beijing is created, bringing new consumers with radically new and different needs.

"We have to respond to the explosion of developing and emerging markets," Mathieu said.

The third is digital power, which changes everything. Its implications for transparency and empowerment will completely change every facet of business. Today, everybody wants to be a marketer. With social media, everybody can, Mathieu said.

Marketers today have a unique opportunity to reinvent marketing. But this reinvention is also a revival -- when one of marketing's original ideals at its core was improving people's lives.

Bangladeshi companies should rediscover the magic of marketing through 'putting people first' as it will support the company's sustainable growth, said Mathieu, who also worked as senior vice president for global brand marketing at Coca-Cola.

In a digital age, consumers get the chance to become the magicians themselves -- on YouTube, Facebook and Twitter. So, marketers should involve consumers in

Marc Mathieu

crafting brands.

"By inviting them to create the magic with us, we can make hard change easy and fun," Mathieu said. He also mentioned how Unilever is working to unlock the magic of marketing through encouraging co-creation initiatives.

Three elements -- people, brands and magic-- are the beacons on the journey of reinvention at Unilever. "We call it 'crafting brands for life' as it focuses on overall improvement of people's lives and environmental impact," he said.

Currently, Unilever Bangladesh has 16 brands in operation that span across home and personal care and food products since its operation started in 1964 in the country.

Mathieu expects the market will grow further in the century. "It is a country of 160 million people and its economy is growing. So, it has a huge market opportunity," he said.

The top Unilever official mentioned that a fast moving consumer goods (FMCG) company also undertakes a number of projects as per its corporate social responsibility for social causes.

Unilever Bangladesh has been undertaking a number of programmes such as Project Laser Beam, Global Hand Washing Day, Oral Health and Hygiene Awareness Programme, and Lifebouy Friendship Hospital.

On project laser beam, it is working with World Food Programme to eradicate child hunger and malnutrition in the country.

UBL carries out Global Handwashing Day along with its partners. Hand washing with soap is the most effective and inexpensive way to prevent diarrheal and acute respiratory infections, which take the lives of millions of children in developing countries every year.

UBL also undertakes programmes to increase awareness on the importance of oral health among the mass people of Bangladesh through Pepsodent Dentibus and school programme.

The FMCG company also provides free medical services for the people living in remote areas of the country and only reachable by waterways, through 'Lifebuoy Friendship Hospital' since 2002 in association with a humanitarian organisation 'Friendship'.

The floating hospital has a dedicated medical team on board and reaches out to people who would not have access to proper medical facility.

The senior vice president of Unilever said they are also working on women's empowerment in the country by providing training and scholarship to female students in IT education.

Currently, Unilever Bangladesh works with 23 non-governmental organisations and CARE Bangladesh to create sustainable business opportunities for rural women. It also provides vocational training and livelihoods through the Fair & Lovely Foundation.

Mathieu believes Bangladesh has very high prospect in terms of market expansions and growth. Identifying the country as an emerging market, Mathieu promises that Unilever in Bangladesh will not only be successful, but will be sustainable too, caring for both their business and people of Bangladesh who make this success possible.

suman.saha@thedailystar.net

Stocks rise for second day

STAR BUSINESS REPORT

STOCKS continued the rising trend for a second day with turnover hitting a four-month high, as investors injected fresh funds into the market amid optimism.

The General Index (DGEN), the yardstick of Dhaka Stock Exchange, advanced 60 points or 1.17 percent, to close at 5,182 points, the highest since January 12.

The single-day turnover stood at Tk 990 crore, the highest since November 23 last year when it was Tk 1,051 crore on the Dhaka bourse.

Although the DGEN went up 116 points at one point in time, profit taking by investors pared the gains to 60 points.

"The market was optimistic, with profit-taking, simultaneous positioning, and fresh fund injection, all taking place at once," IDLC Investments said in its regular market analysis.

During yesterday's session, the banking sector demonstrated strong positive movement, primarily driven by investor expectations regarding share purchase announcement from sponsors and directors, it said.

In addition, the merchant banker said, non-banking financial institutions demonstrated a rally among some stocks based on earnings and dividend expectations. However, the upward trend was slightly offset by profit taking activities during the last trading hour.

A total of 2.27 lakh trades were executed with 19.82 crore shares and mutual fund units changing hands on the Dhaka bourse.

Gainers beat losers 128 to 127, with 10 securities remaining unchanged on the trading floor.

Among the major sectors, banks gained 4.13 percent and NBFIs 1.93 percent, while pharmaceuticals lost 0.97 percent, telecoms 1.63 percent and power 2.28 percent.

National Bank topped the turnover table with one crore shares worth Tk 38.83 crore changing hands.

Bay Leasing was the biggest gainer of the day as it posted a 12.08 percent rise. EBL NRB Mutual Fund was the worst loser, slumping 6.38 percent.

Myanmar starts new currency regime

AFP, *Yangon*

MYANMAR on Monday began a managed flotation of its currency, overhauling its complex exchange rate system in the new government's most radical economic reform yet in a bid to lure investors.

The central bank set a reference rate of 818 kyat to the dollar, according to an announcement on its website. The move brings the official currency rate in line with its value on the black market of about 800 to the greenback.

It is part of burgeoning reforms to modernise an economy left in disarray by decades of military rule and isolation.

The Central Bank of Myanmar said the reference rate was based on auctions conducted by the bank and authorised domestic dealer banks. It did not announce a limit for daily fluctuations.

Announcing the move last week, the central bank said the managed floating exchange rate would allow market forces to determine the value of the kyat while leaving room for it to influence the unit's value.

Analysts said the simplified currency regime would help facilitate trade and investment as Myanmar gradually opens up.

"Establishing a transparent and unified exchange rate is a first, but vital step in building confidence in the kyat, and hence the economy," Vishnu Varathan, an analyst at Mizuho Corporate Bank in Singapore, said in a report.

"This helps provide comfort on the stability of returns on investments as well as offer some degree of principle protection."

Tony Nash, managing director of IHS Consulting, said the exchange rate move would offer some reassurance to investors.

"The rate, coupled with a draft new foreign investment law, sends a clear message that Myanmar will actively pursue foreign investment in the environment of post-election political credibility," he said.

Following the end of almost half a century of junta rule last year, the country formerly known as Burma now has a nominally civilian government whose ranks are filled with ex-generals.

The new regime has surprised even its critics with a series of reforms, and the currency revamp is its first major move to modernise an economy weakened by decades of mismanagement and international sanctions.

The International Monetary Fund said reform of the exchange rate system was a top priority and has been offering advice.

Global business groups warn India over tax plan

REUTERS, *Mumbai/new Delhi*

INTERNATIONAL trade groups representing more than 250,000 companies have warned Prime Minister Manmohan Singh that new taxation proposals by his government have led foreign businesses to reconsider their investments.

The union budget last month outlined a proposal to allow authorities to make retroactive tax claims on overseas deals and bring in new anti-tax-avoidance measures, moves that have been criticised for further denting investor sentiment.

On Monday, George Osborne, Britain's finance minister, raised his concerns over the issue with his Indian counterpart Pranab Mukherjee.

The warning, contained in a letter from seven foreign business groups, is the broadest criticism yet by the overseas business community of an Indian government that has failed to enact economic reforms to spur investment and revive growth.

"The sudden and unprecedented move...has undermined confidence in the policies of the Government of India towards foreign investment and taxation and has called into question the very rule of law, due process, and fair treatment in India," the groups said in a March 29 letter to Singh seen by Reuters.

"This is now prompting a widespread reconsideration of the costs and benefits of investing in India," continued the letter, signed by bodies including the US-based Business Roundtable, the Confederation of British Industry, the Japan Foreign Trade Council and Canadian Manufacturers & Exporters.

The Business Roundtable is chaired by Boeing Co Chief Executive James McNerney and represents companies with more than $6 trillion in revenue.

"We are concerned about the proposed budget measure," Osborne told reporters after his closed meeting with Mukherjee.

"Not just because of its impact on one company, Vodafone, but because we think it might damage the overall climate for

REUTERS

Britain's Chancellor of the Exchequer George Osborne (L) shakes hands with Finance Minister Pranab Mukherjee before a bilateral meeting at the fifth ministerial level India-UK Economic and Financial Dialogue in New Delhi yesterday.

investment in India."

India's reputation among global investors has taken a beating over the past year as the government has lurched from crisis to crisis, including a botched attempt to allow foreign supermarkets into the country and a long-running stand-off with South Korea's POSCO over a $12 billion steel plant.

Sluggish investment is partly to blame for slowing growth in Asia's third-largest economy, which grew an annual 6.1 percent in the December quarter, the weakest in nearly three years.

A long-running tax struggle between London-listed Vodafone Group Plc, India's largest overseas investor, and the Indian government has come to symbolise the perils to foreign investors in the country.

Vodafone won a five-year legal battle in January when Supreme Court dismissed a $2.2 billion tax demand from authorities over the British company's acquisition of Hutchison Whampoa Ltd's Indian mobile assets in 2007.

That ruling was hailed by business groups as a victory for clarity in the country's investment climate, which has suffered due to policy paralysis, regulatory uncertainty and widespread corruption allegations against the government.

But the proposal in the recent budget to retroactively impose tax on deals conducted overseas where the underlying asset is located in India would amend 50-year-old-tax laws and allow New Delhi to pursue tax on long-concluded transactions.

"What India needs, like all countries, is a stable and predictable tax system to encourage investments, and we have concerns that this budget proposal would not add to that," Osborne said, adding he had raised his concern with Mukherjee.

Parliament is expected to consider the proposals during the last week of April.

"Some of our member companies had already begun re-evaluating their investments in India due to increasing levels of controversy and uncertainty regarding taxation in recent years," the letter said.

Foreign direct investment (FDI) in India stood at $35.3 billion in the first nine months of the 2011-12 fiscal year, powered by two multi-billion-dollar energy deals, more than the $32.9 billion registered in the 12 months to March 2011, according to data from the Reserve Bank of India.

India needs increasing FDI and foreign institutional inflows to offset a rising trade deficit, which is likely to have hit $175 to $180 billion in the year that ended in March.

Vodafone said last week it was considering a number of actions after the proposal, which it said was "grossly unjust".

Policy confusion in India's telecom sector over the tainted allocation of mobile licences in 2008 recently saw Abu Dhabi's Etisalat ETEL.AD announce the winding down of its Indian operations.

Norway's Telenor has also been embroiled in a dispute with its Indian partner, Unitech Ltd, and has said it would seek to migrate the business to a fresh venture with a new partner.

The tax proposal, if written into law, could also affect Kraft Foods Inc's 2010 acquisition of Cadbury's Indian business and deals involving Indian assets sold by AT&T Inc and SABMiller Plc's purchase of Fosters.

In the letter, the business groups said a plan to expand the definition of "royalty" retrospectively to 1976 would affect companies such as Ericsson.

"India will lose significant ground as a destination for international investment if it fails to align itself with policy and practice around the world," the letter said.