Quantum aims to build up foothold

The research company celebrates 10 years in Bangladesh today

SUMAN SAHA

QUANTUM Consumer Solutions, a leading market research company, aims to more than double its earnings in Bangladesh in the next three years by conducting lots of qualitative studies, two senior officials of the company said yesterday.

The Mumbai-based company wants to increase its annual revenue in Bangladesh to Tk 10 crore by 2017 from Tk 4.5 crore now.

"Bangladesh is a big market as its economy is growing rapidly. It has a huge population base, especially its young generation," said Meena Kaushik, chairman of the company.

The youth will be the biggest consumer class in Bangladesh in the next five years, and will significantly increase the demand for qualitative research, she said.

"Qualitative research is about understanding consumer behaviour, motivation, preferences, and why some brands become special to them," she added.

"We, for example, would look into why people read a newspaper rather than how many read it, and also, what makes a reader loyal to the newspaper brand."

Kaushik, also a global research and brand expert, said understanding consumer buying patterns is important to making marketing decisions.

The research company plans to launch a specialised study on the middle class next year to give insight into the segment.

Many global companies are looking to enter Bangladesh due to its huge consumer base, said Rinita Singh, group managing director of the company that started operations in September 1990.

"The study will look into the aspirations, wishes and concerns of the middle class to understand the segment's psyche, to serve them better," she said.

STAR

From right, Meena Kaushik, group chairman of Quantum Consumer Solutions, and Rinita Singh, group managing director of the market research company.

They spoke to The Daily Star in Dhaka just as the company celebrates its 10-year anniversary in the country today.

Presently, the company works with around 80 clients in Bangladesh, mainly serving three types of clients -- multinational companies including Unilever, Nestle, GSK, British American Tobacco; local companies such as Square Group, Akij, Pran, the daily Prothom Alo; and social sector organisations such as Katalyst.

Quantum does only qualitative studies in diverse segments such as trade, safety, bird flu, garment workers' health and wellbeing, factory safety and branding, Singh added.

She said Bangladesh has witnessed several changes in the market research industry.

"Ten years ago, we started our operations in Bangladesh mainly targeting multinational companies. But now we are serving diverse segments."

Recently, the company conducted lots of research on women, especially housewives, as they are now more in control of the family's purchase decisions, she said.

Quantum also recently worked with telecommunication companies such as Banglalink and Robi. "Telcos want to understand what they will do next with their brands, especially by targeting the youth," she added.

The company also studied the Ramadan market for Bangladesh to identify the buying patterns of consumers in the run-up to Eid-ul-Fitr. The highlights of the study will be revealed at the company's anniversary celebrations today in Dhaka.

Other prominent researchers in Bangladesh include Millward Brown, Nielsen, MRB Bangladesh (previously known as SIRIUS marketing), and they conduct both qualitative and quantitative research.

Quantum is the market leader in the qualitative research segment. The size of the qualitative market research industry in Bangladesh stood at Tk 8 crore last fiscal year, growing at 25 percent a year, Singh said.

Quantum has six offices in India, one each in Bangladesh, Sri Lanka, Singapore and Indonesia, and they also have strategic partners in 22 other countries, she said.

The company earned around Rs 55 crore last fiscal year from its entire operation, growing 15-17 percent a year.

Quantum Consumer Solutions Bangladesh is a joint venture between Quantum Market Research Private Ltd of India, holding 70 percent, and Apex Group in Bangladesh, holding the rest, Singh said.

Since its Bangladesh debut in June 2004, the company has conducted more than 870 studies in the areas of consumer psyche, brand development, communication, human resources development, social and organisational development and production practices in Bangladesh.

During the period, it has worked with 133 brands: 87 global and 46 local.

The Bangladesh operation employs 22 expert researchers and six expert consultants as permanent employees, along with 50 field staff, 35 transcribers, and three temporary staff.

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Australia PM warns global climate deal must not hit economy

AFP, *Canberra*

AUSTRALIAN Prime Minister Tony Abbott on Wednesday backed an "effective" climate pact being struck at global talks in France next year, but warned it could not come at the expense of the economy or jobs.

French President Francois Hollande, on a state visit to Australia, also laid out his aim of seeking the worldwide, binding agreement in Paris after world leaders failed to agree new curbs in Copenhagen in 2009.

"Yes, each country has to do its bit to tackle the emissions problem," Abbott, fresh from hosting world leaders at a G20 summit in Brisbane, told a press conference in Canberra.

"We all are doing what we can, Australia as well, and we need a strong and effective agreement from Paris next year."

The G20 economies catapulted "strong and effective action" on climate change up their agenda after last weekend's talks which followed a surprising Sino-US deal to curb emissions.

Abbott, who since coming to power a year ago has dismantled a carbon tax designed to reduce emissions and spoken of the importance of coal to provide energy, said climate change was an important subject "that the world needs to tackle as a whole."

But he added: "It's very important that we don't have another disaster like Copenhagen.

"It's vital that the Paris conference be a success, unlike Copenhagen, and for it to be a success, we can't pursue environmental improvement at the expense of economic progress.

"We can't reduce emissions in ways which cost jobs because it will fail if that's what we end up trying to do. "What's important is that the agreement is strong and effective and that the targets are met."

Hollande, the first French president to visit Australia, hosts the global climate talks in December next year.

He said he hoped "we can at least reach an agreement in principle at the end of 2015".

"It has to be legally binding ... and it has to have some sort of link with the Green (Climate) Fund," he said, referring to that set up to help poorer countries tackle the problem which has attracted billions of dollars from the US, France, Germany and Japan.

Under Modi, Israel and India forge deeper business ties

REUTERS, *Tel Aviv*

AT the UN General Assembly in New York last September, Israeli Prime Minister Benjamin Netanyahu set aside time for a critical meeting. But it wasn't President Barack Obama he was keen to see. It was Indian Prime Minister Narendra Modi.

Since Modi came to power in May, ties between Israel and India have been in overdrive, with the two signing a series of defence and technology deals that have underscored their burgeoning commercial and political relationship.

The same month as the UN meeting, Modi's cabinet cleared a long-delayed purchase of Israeli missiles for its navy. In October, India closed a $520 million deal to buy Israeli anti-tank missiles. And last week, a jointly developed aerial defence system passed a major trial, which India called a "milestone".

"There is great momentum in cooperation, on both the defence and economic sides," Naftali Bennett, Israel's economy minister and a member of Netanyahu's inner cabinet, told Reuters.

India is now the largest buyer of Israeli military equipment, while Israel is India's largest customer after Russia. In the first nine months of 2014, bilateral trade reached $3.4 billion, on target for a record this year.

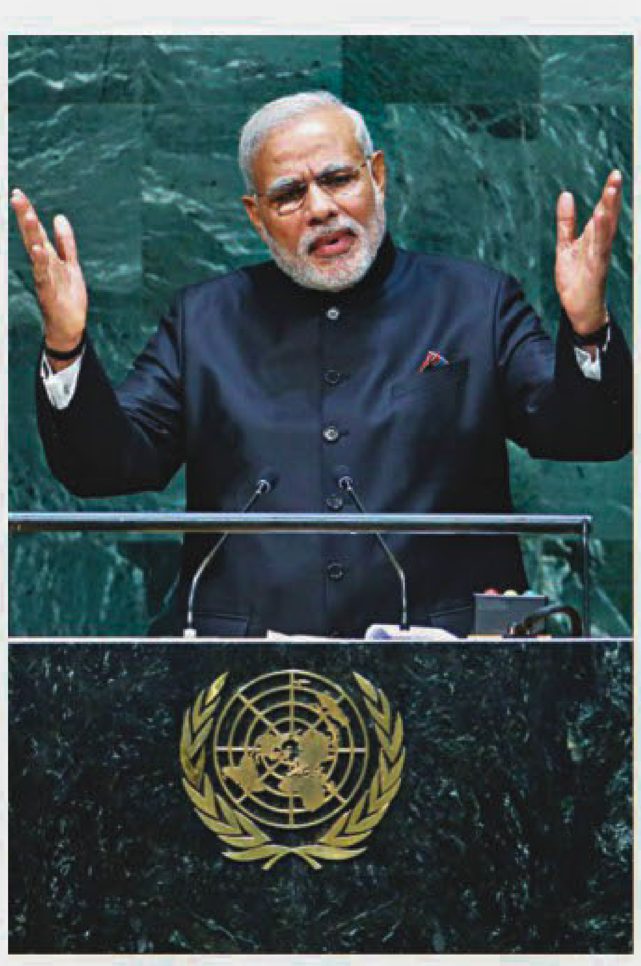
While that may not be vast in global terms, it has helped push Asia to the brink of overtaking the United States as Israel's largest export market after the European Union.

India is steadily catching up with China as it buys more Israeli defence and cyber-security technology, an area where China is limited since the United States frowns on Israel dealing too freely with Beijing in defence matters.

The roots of the Israel relationship go back to 2006, when Modi was chief minister of Gujarat and visited the region to explore new ideas in irrigation, an area of Israeli expertise.

As a result, India started buying drip-feed technology, said Amnon Ofer, a friend of Modi's and chairman of NaanDanJain Irrigation, formed after India's Jain Irrigation acquired a firm created by two Israeli collective farms.

Under Modi's predecessor, Manmohan Singh, India kept its relationship with Israel under wraps, in part so as not to



Narendra Modi

upset its Muslim minority, said C. Raja Mohan, head of strategic studies at the Observer Research Foundation in New Delhi.

"Cynics in Israel would point out that Delhi was treating Tel Aviv like a mistress - engage in private but refuse to be seen with in public," said Mohan. "The Modi government is having none of that."

The question is where the relationship goes from here. Strategically, Israel is glad to have a rising Asian power as an ally. But for both the focus is really on business.

Israel Ports Co. is partnering India's Cargo Motors to build a deepwater port in Gujarat, and Israel's TowerJazz is teaming up with India's Jaiprakash Associates and IBM with plans to build a $5.6 billion chip plant near Delhi.

At a security conference in Tel Aviv last week, executives from top Indian firms were shopping for systems to secure their pipelines, refineries and other infrastructure.

All the activity has lead to expectations that Israel and India will finalise a free trade agreement in the next year.

"That means trade will double or triple," said Anat Bernstein-Reich, who chairs the Israel-India Chamber of Commerce, an office hoping and preparing for a boom.

Risky rewards for China's overseas investment boom

AFP, *Beijing*

CHINA'S inexorable economic rise is set to see it become a net global investor after decades of Western money flowing into the country, but analysts warn the change offers risks as well as profits.

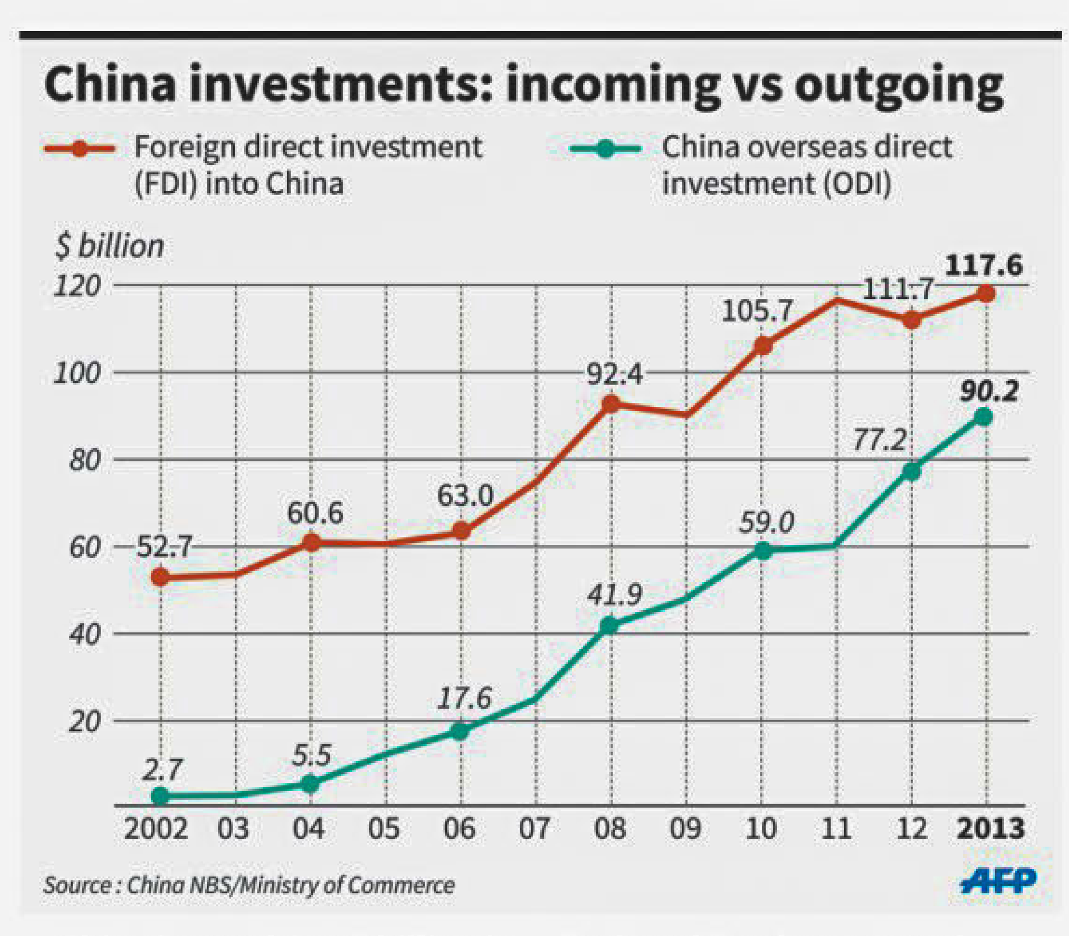
Chinese oil behemoth CNOOC's $15 billion acquisition of Canada's Nexen, completed last year, was just a fraction of the $625 billion the country has invested abroad, much of it resources driven and also taking in other sectors including agriculture, manufacturing and banking.

But the looming changeover may be a sign that China is becoming less attractive as an investment destination itself, while some deals have been less successful than others.

Chinese external acquisitions were strictly controlled until 2000 when the Communist Party listed overseas investment as a new growth strategy, widely described as "going out" to secure technology, resources and market access.

Overseas direct investment (ODI) has since ballooned -- along with China's foreign exchange stockpile -- and reached $90.2 billion in 2013, more than 30 times what it was a decade previously.

Incoming foreign direct investment (FDI) stood at $117.6 billion last year, official data showed, and the latest figures on Tuesday showed the gap between them has narrowed substantially in 2014.



China invested $4.19 billion in non-financial sectors in the US alone in the first 10 months of this year, the commerce ministry said, almost twice as much as the $2.32 billion that flowed in the other direction.

"It is a matter of time before China's overseas investment exceeds the foreign investment it receives," assistant commerce minister Zhang Xiangchen told reporters last month.

"Even if it is not realised this year, it will in the near future. China is soon to become a net capital exporter."

China is now the world's third largest investor after the United States and Japan, according to the United Nations Conference on Trade and Development, and Beijing's figures show the US and Australia as its top recipient nations.

But the spending spree has been largely driven by big state-owned enterprises (SOEs), backed by state banks as they purchase mineral and energy resources, sparking concerns over China's growing economic power and possible political motives.

At the same time, some projects have not proved as profitable as hoped.

Auto manufacturer SAIC Motor took a controlling stake in South Korea's SsangYong Motor Company but lost several billion yuan when it went bankrupt and suffered a bitter strike, which ended only with a police raid featuring commandos rappelling from a helicopter in a hail of missiles.

Insurer Ping An saw its $3.5 billion investment in European financial group Fortis wiped out in the global financial crisis of 2008.

Wang Jiahua, executive deputy chairman of the China Mining Association, an industry group, said 80 percent of Chinese mining investment abroad had "failed", the state-run Economic Information newspaper reported in June.

China Power Investment Corporation is reported to have lost at least 7.3 billion yuan ($1.2 billion) on the controversial Myitsone hydropower plant in Myanmar, where President Thein Sein ordered the project halted in 2011.

Analysts blame Chinese investors' inexperience and decisions driven by government policy rather than business sense.

Tao Jingzhou, managing partner of law firm Dechert LLP China, told AFP that the "primary cause" of problems was poor thinking, and failures to carry out sufficient due diligence.

"A merger and acquisition contract is logged as an achievement of the SOE (head) once it is signed," he said. "It will be none of his business when it incurs losses in two years' time."

Experts also caution that having more funds flowing out of the world's second-largest economy reflects declining confidence in China.

Facebook launches tech news page

AFP, *San Francisco*

Facebook on Tuesday launched FB Techwire, billed as a showplace for technology talk shared by influential sources.

"The goal of FB Techwire is to aid in the discovery of original content including breaking news, first-person analysis, photos and videos for journalists that care about and cover tech," Facebook said in an email to AFP.

Energy giant Shell wins major India tax case

AFP, *Mumbai*

ANGLO-DUTCH energy giant Royal Dutch Shell has won a lengthy court battle against Indian tax authorities, marking a significant victory for multinationals involved in taxation wrangles in the country.

The Bombay High Court ruled in favour of Shell, whose Indian unit had been accused of under-pricing shares issued to its parent firm by about 180-billion rupees ($3 billion).

The company had challenged a demand by Indian authorities for tax on the interest that would have been earned.

The judges on Tuesday quashed the income tax department order, a move Shell welcomed.

"This is a positive outcome which should provide a further boost to the government initiatives to improve the investment climate," the company said in a statement Wednesday.

The amount demanded by Indian tax authorities was not immediately known and Shell did not disclose the figure.

The government has not said whether it will appeal the ruling.

The tax claim was one in a string imposed by Indian authorities on foreign firms including HSBC, IBM and Nokia.

These suits, too, are now most likely to be resolved in a fashion similar to the Shell case, experts say.

The ruling "shows there are viable legal remedies for investors in India. This restores confidence to a great extent," said Girish Vanvari, co-head of tax at KPMG in India.

Foreign companies allege that Indian tax laws are sometimes applied in an uneven and capricious manner, making it difficult to do business in the country.

A court ruled in October in favour of Vodafone India, which had been engaged in a $490-million tax battle with authorities after they accused the company of also underpricing its shares in a rights-issue to its British parent Vodafone Plc.