

Online grocers come up trumps in India's e-commerce boom

REUTERS, Mumbai

Put off by snarled city traffic and a shortage of parking, more Indians are shopping for groceries online, helping e-tailers like Bigbasket.com and Localbanya.com turn in profits while supermarkets are struggling.

The online grocers benefit from low overheads, as they store goods in warehouses outside big cities where commercial rents are sky-high. Some like Bigbasket.com can also charge more for certain items than traditional supermarkets, which means even more profits in a country where all food retailers enjoy margins as high as 20 percent on rice and other staples.

Bigbasket.com director Ganesh Krishnan said the company would turn a profit this year, just three years after it was set up. By contrast, analysts say supermarkets like More, owned by the Aditya Birla Group, and Reliance Industries Ltd's Reliance Fresh are struggling to attract enough customers to make a profit as they compete with the small neighbourhood stores where most people buy food. Both conglomerates declined to give figures for their supermarket operations.

"You can go shop at a Walmart or Tesco in the US and UK and they have parking. You can take the shopping carts right up to your car, so it's smooth," Krishnan told Reuters. "In



An employee carries goods at a Big Basket warehouse on the outskirts of Mumbai.

India, none of this exists."

Densely populated cities have proved attractive for web grocers in Asia. Analysts estimate online sales of fresh produce in China could quadruple to 40 billion yuan (\$6.5 billion) in five years from about 11.5 billion yuan in 2013.

Overall, e-commerce is rapidly growing in India, fuelled by an expanding middle class and better web access, and the potential for online grocers in particular is huge.

Most food shopping in India is done in cramped groceries that offer limited variety. Urbanites also frequent supermarkets, but e-grocers are becoming more popular as more shoppers are willing to pay extra for the convenience of not dealing with traffic and

parking problems.

Sales of food and groceries currently account for more than two-thirds of all retail sales, consultants Technopak say, and the value of these sales is expected to nearly double to \$686 billion by 2020.

Investors are taking note. In September, Helion Ventures and Zodiuss Capital led a funding round that raised 2 billion rupees (\$32.6 million) for Bigbasket.com. Rival Localbanya is also looking to raise a similar amount to expand nationwide, its co-founder Amit Bhartiya said.

By running their own delivery networks, and warehousing outside the city, e-grocers are better able to control costs: analysts say the operating costs of traditional supermarkets

are higher when you factor in rent and utility bills, for example.

Bigbasket.com, which started out in December 2011, currently has about 220,000 active customers in Mumbai, Bangalore and Hyderabad. It plans to launch in Pune, Delhi and Chennai in the next three months, highlighting just how quickly online grocers can grow compared to traditional supermarket chains.

"Where brick and mortar grocery in India fails to muster scale, online can do it very, very quickly just by the sheer opportunity of reaching a number of people with much less investment," said Harminder Sahni, managing director of consultants Wazir Advisors.

Coca-Cola partnership to create biggest bottler in Africa

AFP, Johannesburg

The Coca-Cola Company Thursday announced a partnership to form its largest soft drinks bottling company in Africa, serving "high growth" countries on the continent.

The Coca-Cola company together with British drinks giant SABMiller and Gutsche Family Investment, a South Africa private firm, will join forces to form Coca-Cola Beverages Africa.

"The new bottler, Coca-Cola Beverages Africa, will serve 12 high-growth countries accounting for approximately 40 percent of all Coca-Cola beverage volumes in Africa," said a statement.

It will be majority owned by SABMiller with a 57 percent stake, Gutsche Family Investments with 31.7 percent and The Coca-Cola Company with 11.3 percent.

According to the companies, bottling operations in 12 high-growth markets in southern and east Africa had an annual revenue of \$2.9 billion.

The deal is underpinned by "rising personal disposable income" and increased consumption per capita.

As part of the deal, Coca-Cola will acquire SABMiller's Appletiser soft drinks and 19 other non-alcoholic brands in Africa and Latin America for nearly \$260 million.



A Rouf Chowdhury, chairman of Bank Asia, attends a blood donation programme organised by the bank to mark its 15th anniversary yesterday. More than 250 employees of the bank donated blood at programmes organised in Dhaka and Chittagong recently.

Opec begins pivotal meet as oil prices hit fresh lows

AFP, Vienna

Opec ministers met Thursday to decide whether to slash oil production amid a glut in global supplies, sending crude prices to new lows ahead of their pivotal vote.

The 12-nation oil cartel is under pressure from its poorer members like Venezuela and Ecuador to cut output as collapsing prices have slashed their precious revenues.

But its powerful Gulf members have rejected calls to turn down the taps unless they are guaranteed market share in the highly competitive arena, particularly in the United States, where a flood of oil being extracted from shale rock has in part caused the global oversupply.

"We should withdraw the overproduction from the market," Venezuelan Foreign Minister Rafael Ramirez told reporters prior to the start of the meeting.

"I worry about this meeting, about the situation. And I believe all the countries are worried about that."

Benchmark oil prices plunged to new four-year low points Thursday on growing expectations that the Organisation of Petroleum Exporting Countries will not take significant action in Vienna, home to the cartel that pumps out about a third of the world's crude.

West Texas Intermediate for delivery in January slumped to \$71.89 a barrel -- the lowest level since September 2010. It later stood at \$72.10 at about 1030 GMT, down \$1.59 from Wednesday's closing level.

Brent North Sea crude hit a four-year low of \$75.48 a barrel. In later London deals, it stood at \$75.87 a barrel, down \$1.88 from Wednesday.

Crude prices have tumbled by more than 30 percent since June, depressed also by a strong dollar and worries about stalling energy demand in a weak global economy.

The International Energy Agency (IEA) had warned in a report issued mid-November that the "price rout" was not over, and that prices will keep sliding well into 2015.

Opec kingpin Saudi Arabia on Wednesday said Gulf nations had reached a consensus over what needed to happen regarding the cartel's level of supply, adding that it hoped the other members would agree.

"I am confident that Opec is capable of taking a very unified position," Saudi Oil Minister Ali al-Naimi told reporters.

Opec pumped 30.6 million oil barrels per day last month, above its 30 million bpd target according to the IEA, which advises countries on energy policy.

Some analysts believe that the cartel will on Thursday agree to trim such excess rather than cut its official ceiling.



RN Paul, director of RFL, inaugurates an RFL Best Buy outlet in Siraganj recently. Md Gias Uddin Biswas, assistant general manager of RFL Best Buy, was also present.

US cruise liner taps into growing Southeast Asian market

AFP, Singapore

US-based Princess Cruises, the world's third largest cruise line, launched its first Singapore-based service on Thursday in a move to tap into the emerging Southeast Asian cruise travel market.

Industry players said a fast-rising middle class, which has fuelled a boom in budget air travel, is also likely to drive demand in the region's fledgling cruise market.

More than 2,500 guests were due to depart from the city-state Thursday evening aboard the 116,000-tonne Sapphire Princess for an 11-day voyage that will take them to Brunei, Vietnam, Cambodia and Thailand before returning, company officials said.

About 30 percent of the passengers on the trip are Asians, said Farriek Tawfik, Southeast Asia director at Princess Cruises, which is part of the world's largest cruise group, Carnival Corporation.

The 18-storey luxury ship, stretching nearly the length of three football fields, will be based in Singapore until March next year, expecting to carry 40,000 passengers on voyages lasting from three to 17 days.

Princess Cruises said it will return for a second homeporting season later next year.

Cruise travel is still in its "infancy" in Southeast Asia partly because of "misconceptions" that such trips are boring and concerns over seasickness, Tawfik told reporters.

But "the potential for growth is vibrant and exciting in this region," said Tawfik.

Several other cruise liners have operations in Singapore, including Star, Costa, Cunard and Royal Caribbean.

The Cruise Liners International Association said in a report last week that the 52 vessels operating in Asia have the potential to carry 2.17 million passengers next year, up from 1.81 million this year.

US automakers aim for luxury market in China

AFP, Detroit

China is the new El Dorado for US automakers looking to develop sales of their luxury brands, which globally are lagging behind German and Japanese competitors.

General Motors, the largest US automaker, already sells more cars in China each month than it does in its home market and expects that to continue.

"Our joint ventures in China are working to boost production capacity by 30 percent to more than five million units annually by 2015," GM executive Mary Barra told the firm's annual shareholders meeting.

GM launched a Chinese-produced luxury sedan, the XTS, last year and is steadily adding more vehicles to its Cadillac range.

"Cadillac is already a very profitable business for us today and GM expects to see substantial growth for its luxury brand over the next few years, particularly in China where young consumers are open to new brands," said Dan Ammann, GM president.

GM a few months ago poached Johan De Nysschen, the former executive of Nissan's luxury Audi and Infiniti brands, to head the Cadillac brand. The nameplate, part of GM since 1909, traces its roots to the French founder of Detroit -- today the heart of the US auto industry -- Antoine Laumet de La Mothe, Sieur de Cadillac.

China will become a "volume hub" for the Cadillac brands, De Nysschen said recently.



The Lincoln MKZ concept car is on display at the 2012 Washington Auto Show in Washington, DC.

China, the world's largest auto market, accounts for about 25 percent of global luxury car sales and its share is only growing. German automakers including Audi, BMW, Mercedes and Volkswagen hold about 80 percent of the "premium" market.

Cadillac will soon launch in China a new full-sized sedan for owners who use a chauffeur and a smaller sports utility vehicle, burnishing the brand's reputation for building distinctive vehicles, he said.

"China has indeed been a very rewarding market for GM. We've benefited from the tremendous growth. China has taken a very big role in GM and China's voice is a very strong voice within GM," GM China president Matt Tsien said

vehicles under the Lincoln brand in China, especially designed for the market: a mid-sized sedan, the MKZ, and a compact SUV, the MKC.

In early November, Lincoln opened its first dealerships in Beijing, Shanghai and Hangzhou.

Kumar Galhotra, president of Lincoln, said a total of eight Lincoln stores will open in China by year's end and by 2016, 60 Lincoln stores will be open in 50 cities nationwide, under a marketing program called "The Lincoln Way".

"The Lincoln Way demonstrates how a storied brand with a nearly 100-year history is innovating for our Chinese customers while staying true to our roots of personal service," Galhotra said.

Created in 1917 by former Cadillac executives, Lincoln is named after Abraham Lincoln, the 16th president of the United States. Ford has owned the brand since 1922.

The first US automaker to launch itself in the Chinese market, in the 1980s, is Chrysler, which today is part of Italian group Fiat Chrysler Automobiles (FCA) based in Milan.

But it was a bumpy road for Chrysler, which had teamed up with Germany's Daimler AG, maker of Mercedes-Benz vehicles.

FCA, which sells about 130,000 vehicles a year in China, will soon launch there Fiat, Alfa-Romeo and Chrysler vehicles as well as Jeep, a brand that belongs to Chrysler, with its Chinese partner Guangzhou Automobile Company.



Nazeem Anwar Choudhury, head of consumer banking at Eastern Bank, and Md Shehidul Islam, director of Angaar Indian Grill and Restaurant, exchange documents of a customer benefit agreement in Dhaka recently. EBL cardholders and priority customers will enjoy 15 percent discount on A-La-Carte and buffet menu in the restaurant in Gulshan-1.

German labour market unfazed by economic weakness

AFP, Frankfurt

The German labour market continued to shine in November, shrugging off the current economic weakness, with unemployment now at its lowest level since unification, official data showed on Thursday.

The number of people registered as unemployed in Europe's biggest economy fell by a seasonally-adjusted 14,000 in November to 2.872 million, the Federal Labour Office said.

That is the lowest number since December 1991, although the jobless total came close to these levels in early 2012.

The unemployment rate -- which measures the jobless total against the working population as a whole -- stood at 6.6 percent in seasonally adjusted terms, the office calculated.

That is unchanged since October, but the jobless rate has never been lower since unification.

In raw or unadjusted terms, the trend was also downwards, with the jobless total falling by 15,900 to 2.717 million and the jobless rate steady at 6.3 percent.

"The labour market continued to develop favourably, independent of the economy," the labour office said.

"The trend in employment remains pointed upwards."

Toyota recalls more cars for dangerous Takata air bags

REUTERS, Tokyo

Toyota Motor Corp said on Thursday it would recall 57,000 vehicles globally to replace potentially deadly air bags made by Takata Corp. as a safety crisis around the Japanese auto parts maker looks far from being contained.

Toyota's action follows a recall by rival Honda Motor Co for the same problem two weeks ago after revelations of a fifth death, in Malaysia, linked to Takata's air bag inflator. More than 16 million vehicles have been recalled worldwide since 2008 over Takata's air bag inflators, which can explode with too much force and spray metal fragments into the car.

Toyota is recalling some Vitz subcompacts, called Yaris in some markets, and RAV4 crossover models made between December 2002 and March 2004. About 40,000 are in Japan, 6,000 in Europe and the rest in other markets outside North America.