

# Shwapno aims to bring change to retail chain culture

SHUVASHISH ROY

The buying pattern of urbanites has changed radically in the last decade. And this was more so for the emergence of retail super chains in Bangladesh.

Urban people prefer chain-superstores over wet markets for ease of shopping. They can browse through the aisles filled to the brim with everything from fresh tomatoes to household supplies.

The reshaping of the retail business story in Bangladesh did not happen overnight, said Sabbir Hasan Nasir, executive director of ACI Logistics that owns retail chain Shwapno, in an interview with The Daily Star recently.

Retail chains began developing sporadically back in 2000, only targeting the upper and upper-middle class at the time.

In 2008, Shwapno appeared to bring about a change with the "best price with quality and value" motto, Nasir said.

People started coming to Shwapno for its low-price products, displayed in a clean environment, said the official, who graduated from Bangladesh University of Engineering and Technology, and holds an MBA from the Institute of Business Administration.

Moreover, a robust wholesale chain process was developed through a good understanding with suppliers, so that there is always an alternate source of products in case of scarcity, he said.

"We not only offered lower prices to attract consumers, but also focused on point-of-sales factors like good behaviour of our employees, global best practices, and essential product placement."

But when market followers started a price war, Shwapno changed its strategy, Nasir added.

"We then shifted focus to consumer rights; the use of formalin was the talk of the town at that time."

Shwapno introduced formalin test kits at all its outlets and customers could check their products by themselves.

"We knew it was not possible to make a



Sabbir Hasan Nasir

paradigm shift in people's purchasing patterns, and so we chose to sell live fish in aquariums. People could see how fresh the fish were."

Shwapno has now become a brand for all, as people value quality and ambience, said Nasir.

The introduction of Shwapno Life, the lifestyle section of the retail store, was part of its non-food diversification that all global retailers do for their product mix, he said.

The popularity of Shwapno Life surely proves its success, he added.

Shwapno's plan for the future is to increase its purchases more from the source, he said. It currently receives 30 percent of its products directly from the source, while they plan to take it to 100 percent.

Farmers should know who their final consumers are, to help improve the logistics value chain, Nasir said.

Shwapno is also planning to provide fran-

chising opportunities to small and medium enterprises across Bangladesh.

SMEs that lack working capital, brand understanding and technology can easily fulfil their dreams by being a franchise partner of Shwapno, he said. "We can educate them according to their needs."

However, ensuring food nutrition will be the most challenging factor in retail business, said Nasir.

People are conscious about what they eat and that is why Shwapno and The Daily Star have taken up the initiative 'Know Your Food', he added.

In future, Shwapno also plans to go digital. "But for that, ensuring a proper e-commerce service blueprint is necessary."

The interviewer is strategic project planner for business development at The Daily Star and can be reached at roy.tds@outlook.com.

## Bank of Japan holds fire on boosting stimulus

AFP, Tokyo

The Bank of Japan held fire Wednesday on expanding its already huge stimulus programme, despite mounting pressure on policymakers from sluggish growth and stagnant prices.

The decision follows disappointing data that has raised questions about the effectiveness of Prime Minister Shinzo Abe's drive to kickstart the economy, which contracted in the second quarter of the year.

It also comes a day after the International Monetary Fund lowered its growth forecast for this year and next, calling on authorities to work harder to slash a national debt that is more than twice as big as gross domestic product (GDP).

On Wednesday the BoJ maintained its recent rhetoric on the state of the economy, saying in a statement it "has continued to recover moderately, although exports and production have been affected by the slowdown in emerging economies".

Looking ahead, it repeated: "Japan's economy is expected to continue recovering moderately."

The yen firmed against the dollar after the announcement. The greenback bought 119.90 yen, compared with 120.28 yen in New York.

Bank governor Haruhiko Kuroda later insisted inflation was on a rising trend, although he admitted that "wholesale prices are declining to some extent" due partly to falls in oil prices.

## Nokia's bosses to dominate leadership team after Alcatel deal

REUTERS, Helsinki

FINNISH network equipment maker Nokia said on Wednesday its executives would dominate the new leadership team once it completes its proposed acquisition of Alcatel-Lucent.

Chief Financial Officer Timo Ihamuotila will stay in his job and altogether 10 out of a total 13 members in the planned group leadership team come from Nokia.

Nokia said it planned to report its results as two divisions, Networks business and Nokia Technologies, which includes patents and new technologies.

The networks division would be split into four business groups: Mobile Networks, Fixed Networks, Applications & Analytics and IP/Optical Networks, but it would have a common sales organisation.

Alcatel had previously planned to sell a majority stake in its undersea cables business, but on Tuesday it decided to keep it, and Nokia expects to operate it as a separate entity.

The 15.6 billion euro (\$17.55 billion) all-share acquisition of Alcatel-Lucent is expected to be closed in the first half of next year.

## Starbucks rival eyes \$1b valuation with biggest Indian IPO in 3yrs

REUTERS, Mumbai

COFFEE Day Enterprises Ltd, which runs the nation's biggest coffee chain, said it is eyeing a valuation of as much as 67.5 billion rupees (\$1.04 billion) based on the issue price of its initial public offering next week that will be the biggest in the local market in nearly three years.

Coffee Day, which is selling new shares in the IPO, will dilute as much as 17.55 percent on a post-issue basis to raise up to 11.5 billion rupees, according to a presentation made at a company news conference on Wednesday.

The company will sell 3.4 billion rupees worth of shares to cornerstone investors ahead of the IPO, managers to the IPO said. It is selling shares in a price range of 316 to 328 rupees in the issue that will open on Oct. 14 and close on Oct. 16.

Coffee Day Enterprises, which counts private equity KKR and New Silk Route among its investors, runs the Cafe Coffee Day cafes with more than 1,500 stores in India and 14 overseas.



Cambodian garment workers shout slogans during a protest in front of a factory in Phnom Penh yesterday, demanding a hike in their monthly minimum wage.

## TPP: what's in the deal?

AFP, Atlanta

THE 12-country Pacific Trade Partnership, agreed in Atlanta on Monday, is a broad agreement to lower trade barriers and increase investment protections in a region comprising 40 percent of the global economy.

Key points:

- It reduces over time thousands of small and large tariff and non-tariff barriers on trade between the group, from Japanese auto parts to the US market, Australian drugs to Peru, US rice to Japan and New Zealand cheese to Canada. It also allows garment exporters like Vietnam to use yarn and other materials from outside the TPP and still benefit from TPP country tariffs.

- Countries must open state procurement more to foreign com-

petition and not give state-owned enterprises undue preference. In some cases, including for Malaysia's Bumiputera policies favoring ethnic Malay firms, this will be phased in over time and only for companies and deals over certain sizes.

- The 12 countries agreed to resolve disputes with foreign investors before expert panels. While critics say this "investor-state dispute mechanism" will leave government vulnerable to frivolous lawsuits and extra-territorial laws, the TPP creates exceptions and barriers to frivolous lawsuits, according to negotiators.

- Establishes 5- to 8-year patent protections for cutting-edge biologic drugs, less than the 12-year US threshold but more than Australia's five years. The range

reflects failure to bridge some differences and the willingness to allow some countries room to harmonize domestic laws with the treaty.

- Sets standards for the cross-border issues of e-commerce and financial services, including preventing governments from forcing companies to place their data storage servers in the country or demanding access to a company's software source code.

- Requires countries to live up to labor rights and fairness standards of the International Labor Organization, and not to weaken labor protections to attract investment.

- Signatories are obliged to make strong efforts in environmental protection and not to undermine protections to boost trade and investment.

## Samsung flags nearly 80pc jump in Q3 operating profit

AFP, Seoul

SOUTH Korea's Samsung Electronics flagged a nearly 80 percent jump in quarterly profit Wednesday, as sales of chips and displays offset stiff competition in smartphones from Apple and cheaper Chinese rivals.

The stellar earnings forecast sent shares soaring 8.7 percent by the closing bell.

Samsung predicted operating profit of around 7.3 trillion won (\$6.23 billion) for July-September, up from 4.1 trillion a year earlier and 6.9 trillion won the previous quarter.

The firm's flagship smartphone business is struggling against fierce competition, sandwiched between top-end rivals like Apple's iPhone and lower-end devices from fast-growing Chinese outfits including Xiaomi.

Sales of the Galaxy S6 -- the latest edition of its top-of-the-range handset, launched in April -- failed to generate much excitement.

But brisk business in chips and displays has largely compensated for these difficulties, analysts said.

In addition to providing the chips for its own handsets, Samsung's semiconductor unit also makes the processors for a number of other companies, including Apple.

The firm's TV business -- the world's largest -- also helped shore up the balance sheet in the third quarter, said Lee Seung-Woo, analyst at IBK Securities.

A recent weakening of the won -- down 12 percent year-on-year against the dollar by the end of the third quarter -- helped boost profits since most sales of semiconductors and display panels to emerging markets are settled in dollars, he added.

A weaker won makes South Korean exports more competitive overseas and boosts earnings when repatriated.

"With sluggish sales of Galaxy S6... the (semiconductor and TV) businesses were a major factor behind the surprise earnings," Lee said.

Hwang Min-Sung, an analyst at Samsung Securities Co., said shipments of smartphones apparently surged to 83 million units in the third quarter from 72 million units three months earlier.

"But the division's profitability probably worsened due to falling prices", he said.

Samsung did not provide breakdowns for each division, but Meritz Securities estimated the IT and mobile sector including smartphone businesses reaped a 2.1 trillion won operating profit in the third quarter, down from the previous quarter's 2.7 trillion won.

The third-quarter operating profit prediction beat the estimate of 6.7 trillion won given by analysts surveyed by Bloomberg News.

Sales for the third quarter are expected to reach 51 trillion won, up 7.5 percent from a year earlier, the company said in a statement.

## Nepal considers air-lifting fuel as India border stays shut

REUTERS, Kathmandu

NEPAL is considering air-lifting fuel, possibly from Bangladesh, as supply routes from India stay blocked by protesters opposing its new constitution, a short-term solution ahead of a key festival even as the government talks to China for help.

Thousands of trucks are stranded at the border with India, the main supply route into landlocked Nepal, leading to a critical shortage of fuel in the country that only months ago suffered its worst earthquakes in 75 years.

"Getting oil and petrol from a country other than India is a very difficult question to answer," Deepak Baral, spokesman for the state-run Nepal Oil Corp, told Reuters.

Other than its lowland border with India, Nepal's other frontiers are mountainous with poor roads. After India, Bangladesh in the closest country with access to the sea.

"At the moment India is blocking trucks carrying goods from third countries, so we cannot do this by land. We will work with

what stock we have around the Dashain festival. For this we may look into lifting oil and petrol supplies by air from a third country."

Nepal says the blockade is being imposed by India to pressure political parties to address the demands of groups in the southern plains who are unhappy with the constitution passed last month. More than 40 people have died in protests related to the charter.

India denies any role in the blockade.

Dashain, the highlight of Nepal's religious calendar, is due to begin in less than two weeks. Many people who live in Nepal's capital hail from districts outside the Kathmandu Valley and return home for the festival.

At Kathmandu's main bus station, operators were only selling tickets for travel on the same day due to the fuel crunch. Traffic in Kathmandu was severely curtailed and public transport was limited, with passengers sitting on the roofs of buses.

"It's quite quiet at the minute," said Susan Magar, who works for a bus company ferrying travelers to



A notice is displayed outside the restaurant as fuel crisis continues in Nepal. The country started rationing fuel for vehicles on Sunday, after trade ground to a halt at crossing points on the India-Nepal border.

Dharan in the east. "We can't sell tickets in advance for Dashain because we don't know if we'll have fuel."

Nepal Oil's Baral said the company was looking at ways to ensure people can get home for the festival, but air-lifting in supplies from a third country would only be a short-term solution.

He said the Nepali government was talking to China, India's rival in the Himalayas, about fuel supplies.

"If we get the nod from the government, then we can start talking to our counterparts, but even then we estimate we can only receive 10-15 percent of our requirements from China."