

Shopping habits changing as online retailers spring up

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THE doorbell rang twice, which made Fazilatun Nesa peek through the peephole.

A tall young man was at the other side of the door, with a package in hand. She opened the door and the deliveryman handed over the bill for the package, which had several kilograms of rice, lentil, potatoes and some other items. She had ordered the groceries from an online store -- a first for the household. The order was placed at 9.30am for delivery between 10-11am.

It arrived half an hour late, but she did not mind considering the traffic situation in Dhaka city.

All in all, Fazilatun was satisfied with her first online transaction, which restocked her kitchen supplies without her leaving the house.

Like Fazilatun, a growing number of professionals are doing their shopping online to get relief from the inconvenience of sitting through a traffic jam to get to a bricks-and-mortar store.

"I can place orders to various e-commerce sites sitting in my office or residence without spending hours in the market to buy the same products," said Maqsood Hussain Zico, a banker, who has been shopping from digital marketplaces since 2013.

Operators said there are around 100 e-commerce sites -- such as chaldal.com, rokamari.com -- that deliver almost all groceries.

In recent times, traditional supermarket chains Shwapno and Meena Bazar have joined the fray, providing more options to online grocery shoppers.

Today, buyers place more than 30,000 orders daily and 65 percent of the orders are generated from Dhaka and its surrounding areas, Chittagong and Sylhet.

The rest of the orders come from outside metros, according to data from major operators. Annually the purchases generate Tk 700 crore in turnover.

The market size was about Tk 200 crore 4-5 years ago, said some industry opera-

tors earlier.

"Online purchase is a need of the time particularly in Dhaka," Zico said.

The burgeoning growth of online shopping has also opened job opportunities for youths. The number of direct and indirect jobs will be more than 50,000, according to an estimate by major operators.

During the initial days, Zico was hesitant about making major purchases online.

"There had been confusion if I would get delivery. I was also unsure about the security of online transaction. Over time such worries have faded as things have improved vastly."

There had been a lack of professionalism among the online shops. Sometimes expected products were not supplied and delivery did not take place as promised.

Now, the number of mistakes has declined and the overall service standard has improved, he added.

Jannatul Ferdoushy, another banker, said online shopping and home delivery have made her life easier.

"It is not possible to get a supporting hand always. Here, you get deliveryman who delivers products to the guards of the apartment if payment is made electronically," she said.

Yet, problems are still there. For instance, timely delivery remains an issue.

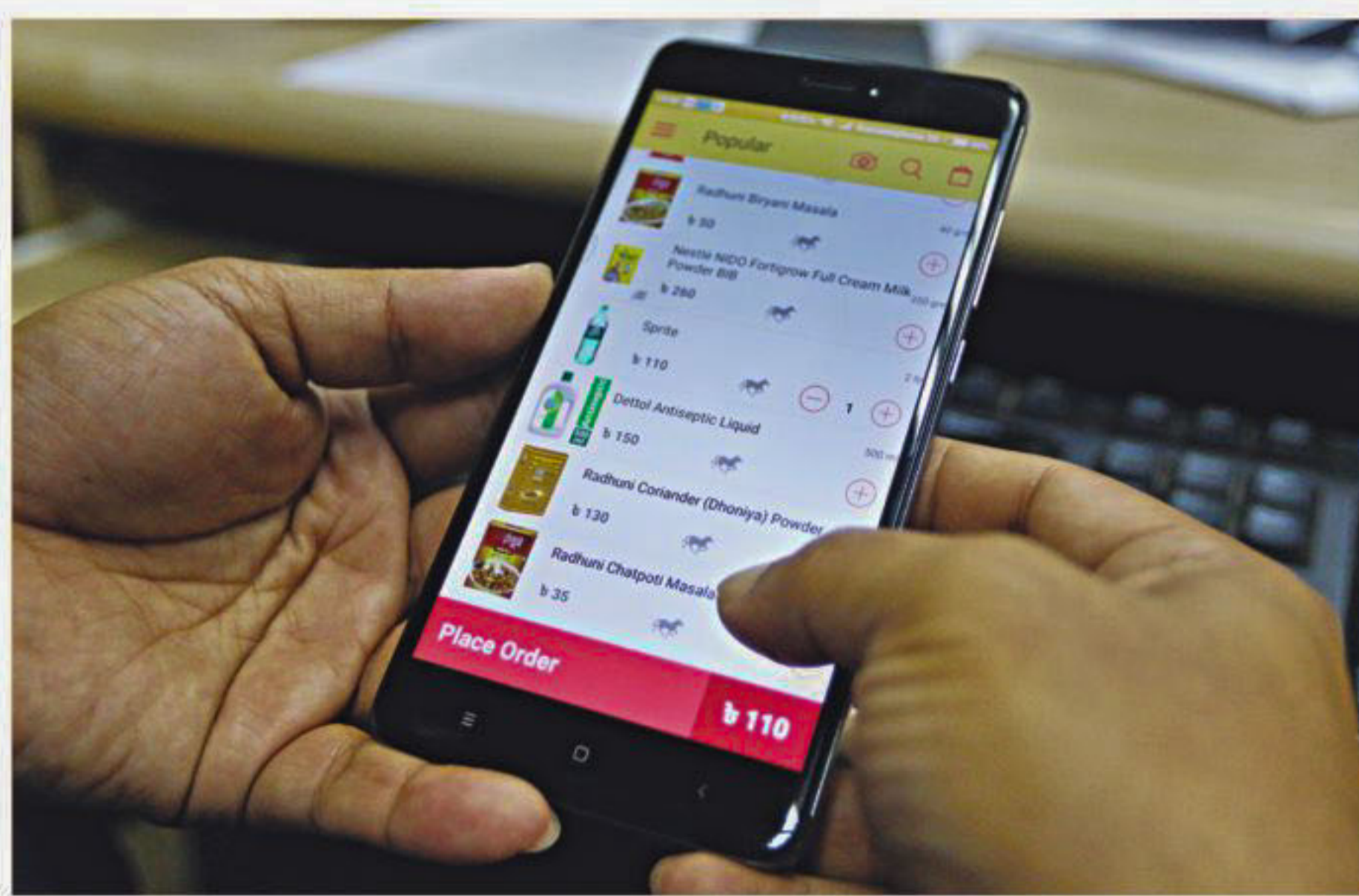
Mareem, who has been buying essential stuff from online markets such as Chaldal or Daraz for the last two years, has faced long delays in getting her products on more than a couple of occasions.

She had to stay up until midnight to get delivery of her groceries for cooking dinner; the delivery time slot she would choose would be 7-8pm.

Seeing the delay in delivery she would ring the number provided on the receipt to enquire about her order for only to be told that the deliveryman was on the way.

"They should inform in advance if there is any delay. Companies should respond quickly to customers and improve service standard," she added.

Zico echoed the same. "Timely delivery is vital for us. One may have prepared his schedule based on



STAR

A man uses the mobile app of a popular grocery retailer to place an order.

the delivery time. And delay affects our other plans," he said.

Waseem Alim, chief executive of Chaldal, a popular online grocery retailer in Dhaka, said his company delivers orders on the same day, whereas other e-commerce firms deliver one or more days after the placement of orders by customers.

"We deliver 70-80 percent of the orders to customers timely."

The rest of it they are unable to deliver timely because of unexpected events such as poor road condition, time loss during delivery to other customers in the same area and problem in vehicles.

"It is about unpredictability. We are working to develop software through which customers will be able to track location of deliverymen," said the CEO of Chaldal, which delivers 1,700 orders daily in Dhaka.

A year ago, the company delivered 750 orders a day. "We expect the flow of orders to increase four-five folds in the next couple of years," he said.

Delays take place mostly on deliveries outside of Dhaka, said AKM Fahim Mashroor, chief executive officer of

ajkerdeal.com. Lack of reliable courier service provider in suburban areas and uncertainty about the traffic situation are the two main reasons behind the failure to ship orders in scheduled time to customers.

The problem of getting reliable courier could be overcome if the government assigns the Bangladesh Post Office to deliver the parcels generated through e-commerce, he said.

Customer satisfaction is important for e-commerce companies to do better. Increased competition will help solve the problems of delayed delivery and improve services, he said.

Large companies offer refunds and accept returns in case of problems with the products delivered.

But the level of customer dissatisfaction is high for Facebook-based service providers, according to Mashroor, a former president of the Bangladesh Association of Software and Information Services.

"But as a new sector, all the issues cannot be solved quickly. It will take time for everything to function properly."

Flying on one engine, global growth exposed to turbulence



REUTERS/FILE

A container ship is seen docked at the port of New York and New Jersey in Bayonne, New Jersey, US.

REUTERS, Paris

WITH growth in many European, Asian and emerging markets mostly uninspiring, the United States is increasingly the main motor behind the global economy.

The world's biggest economy is under scrutiny, however, as its current upturn is running on borrowed time due to the fiscal stimulus of debt-financed tax cuts.

"When the downturn in the US economy starts, the effects (on share prices, interest rates, capital flows, emerging countries, exchange rates, global trade and global growth) will be very pronounced," Natixis chief economist Patrick Artus wrote in a research note this week.

"This downturn in the US economy is inevitable as the United States is returning to full employment."

The only question, he said, was when it would come, and in his opinion that would be sooner than later. Though sanguine about the US outlook through the end of the year, Barclays conceded it would be harder to predict further out.

"This fiscally induced expansion will be difficult to sustain in the absence of a much more substantial jump in investment to lift the economy's growth potential," the British bank's economists wrote in a research note.

"In the absence of such a jump, the economy will face heightened risks of a hard landing in 2020," they said.

A series of business surveys will offer a snapshot of where the business cycle stood

at the end of the third quarter in major economies.

Manufacturing surveys for the euro zone and the United States will be in focus on Monday followed by service sectors polls on Wednesday.

But the highlight of the week on the data front will inevitably be all-important US jobs data on Friday, offering clues as to whether the tight labor market is driving wages sharply higher.

That is important not only for firms' profitability and consumers' purchasing power, but also because a surge could fuel a broader inflation pick-up of the sort that could unsettle central bankers.

"Wages will be in focus with another strong month-on-month rise likely. We probably won't get a break above 3 percent year-on-year growth this month, but we certainly expect it next month," ING economists wrote in a research note.

While holidays in China and elsewhere in the region make for a quiet data week in Asia, politics in Europe may be the source of market ructions.

Italy's EU partners will have to figure out quickly whether to come out hard against the decision of Rome's populist-led government to flout its previous EU fiscal commitments.

Italy's unaffiliated technocrat economy minister, Giovanni Tria, who wanted to respect EU rules, will find himself in the awkward situation of explaining to his counterparts a decision he did not support at a euro zone finance ministers meeting on Monday.

Fast and serious: Vietnam's first domestic car manufacturer bets big

REUTERS, Haiphong, Vietnam

AT a time when auto companies in the developed world are facing a squeeze on their profits from cash-rich tech firms, Vietnam is betting car-making can be a ticket to a more prosperous economy, just as it was for the likes of Japan and South Korea.

VinFast, a unit of Vietnam's largest conglomerate Vingroup, is set to become the country's first fully-fledged domestic car manufacturer when its first production models built under its own badge hit the streets next August.

"Where else in the world can you do this with this sort of speed?" said Shaun Calvert, vice president of manufacturing at VinFast Trading and Production LLC, looking out over an area of factory floor where nine months earlier there was only sea.

Calvert was speaking on a recent tour of the company's new plant, a sprawling island complex in the northern Vietnamese port town of Haiphong, where the two models will be built.

From a standing start, VinFast will have the capacity to produce 250,000 cars annually in the next five years or so, equivalent to 92 percent of all the cars sold in Vietnam last year, according to data collated by the Vietnam Automobile Manufacturers' Association (VAMA).

Vingroup says it only embarked on creating VinFast a little over a year ago and has earmarked about \$3.5 billion for the project.

"We are driving the rapid expansion of the domestic automobile market so we are absolutely focused on winning here first," CEO Jim Deluca said ahead of the Paris Motor Show this week, where VinFast will reveal its first export models.

"We're looking to expand both within ASEAN and outside."

Most cars sold in Vietnam are foreign brands assembled in the country from kits. But a series of free trade agreements have reduced import duties and are opening up the market. A 30 percent import tax on cars from other Association of Southeast Asian Nations (Asean) countries was scrapped this year.

Vingroup already dominates the real estate market in Vietnam with Vinhomes, has entered the healthcare market with Vinmec, runs a chain of supermarkets called Vinmart, and entertains tourists at Vinpearl resorts.

"There's probably 4 million customers today who are associated with Vingroup in one way or another so it's a huge brand, it's an aspirational brand, and those customers are ready for a domestic VinFast product," said Deluca.

In a country synonymous with the motor-



REUTERS/FILE

Vinfast factory is seen in Hai Phong city, Vietnam.

bikes that zip around the clogged streets of Hanoi and Ho Chi Minh City, VinFast will also produce 250,000 electric scooters a year alongside the 250,000 cars, in an ambitious production target that's set to eventually increase to 1 million units each a year.

VinFast has also started on the development of a battery electric vehicle with Germany's EDAG Engineering, to be introduced in the future, Deluca said.

"We felt on the car portfolio it was best to start with an internal combustion engine and then soon after that launch the battery electric vehicle," said Deluca. "From an infrastructure perspective, it's a lot easier to charge a scooter than it is an automobile."

The speed with which VinFast has moved has partly been possible due to a reliance on off-the-shelf parts.

VinFast's first two models, an SUV and a small sedan, are being built on a frame from BMW. The components have been engineered by Canadian firm Magna International's Magna Steyr, while design work has been done by Italian design house Pininfarina.

"That gives us the ability to move very, very quickly and to come out with a vehicle that is 100 percent ours and looks like no other vehicles that are on the road today," Deluca said.

The company has also imported foreign expertise. At least five of the VinFast leadership team, including Deluca and Calvert, are veterans of General Motors Co.

In June, the US automobile giant agreed to transfer full ownership of its Hanoi factory to VinFast for the Vietnamese firm to produce

In Trump win, Canada, US deal saves Nafta as trilateral pact

REUTERS, Ottawa/Washington

The United States and Canada forged a last-gasp deal on Sunday to salvage Nafta as a trilateral pact with Mexico, rescuing a three-country, \$1.2 trillion open-trade zone that had been about to collapse after nearly a quarter century.

In a big victory for his agenda to shake-up an era of global free trade that many associate with the signing of Nafta in 1994, President Donald Trump coerced Canada and Mexico to accept more restrictive commerce with their main export partner.

Trump's primary objective in reworking Nafta was to bring down US trade deficits, a goal he has also pursued with China, by imposing hundreds of billions of dollars in tariffs on imported goods from the Asian giant.

While the new United States-Mexico-Canada Agreement (USMCA) avoids tariffs, it will make it harder for global auto makers to build cars cheaply in Mexico and is aimed at bringing more jobs into the United States.

Since talks began more than a year ago, it was clear Canada and Mexico would have to make concessions in the face of Trump's threats to tear up NAFTA and relief was palpable in both countries on Sunday that the deal was largely intact and had not fractured supply chains between weaker bilateral agreements.

"It's a good day for Canada," Prime Minister Justin Trudeau told reporters after a late-night cabinet meeting to discuss the deal, which triggered a jump in global financial markets. In a joint statement, Canada and the United States said it would "result in freer markets, fairer trade and robust economic growth in our region."

Negotiators worked frantically ahead of a midnight ET (0400 GMT) US imposed deadline to settle differences, with both sides making concessions to seal the deal. The United States and Mexico had already clinched a bilateral agreement in August.

"It's a great win for the president and a validation for his strategy in the area of international trade," a senior administration official told reporters.

Trump has approved the deal with Canada, a source familiar with the decision said. US officials intend to sign the agreement with Canada and Mexico at the end of November, after which it would be submitted to the US Congress for approval, a senior US official said.

The deal will preserve a trade dispute settlement mechanism that Canada fought hard to maintain to protect its lumber industry and other sectors from US anti-dumping tariffs, US and Canadian officials said.

But it came at a cost.

Canada has agreed to provide US dairy farmers access to about 3.5 percent of its approximately \$16 billion annual domestic dairy market. Although Canadian sources said its government was prepared to offer compensation, dairy farmers reacted angrily.