

New retail tools aim to solve e-commerce profit dilemma

AFP, New York

Conventional wisdom in the Amazon era holds that the lowest price wins the battle of the retailers, leading many to just about give away items to make a sale.

Yet some data suggest a more nuanced reality: while 76 percent of retailers aim to sell goods at the lowest price, only 17 percent of shoppers say price is a dealbreaker, according to Forrester Research.

That discrepancy creates an opening for retailers to recover some of their long-lost profit margins, with new software to track prices and preferences to make sure the customer gets what they want hassle-free.

Consumers "want a fair price and it's not the lowest price," said Cheryl Sullivan, chief marketing officer for software company Revionics.

Revionics offers programs using artificial intelligence and data analysis to help retailers identify the best price to avoid money-losing promotions.

These new tools are among the wares on display at the National Retail Federation's "Big Show" that has packed in some 37,000 visitors this week at the Jacob Javits Center in midtown Manhattan.

The annual event comes on the heels of a strong holiday shopping season that saw solid sales, but profits suffered because of



AFP

Competition from online juggernaut Amazon is forcing traditional retailers to adapt new technologies to compete in USA.

the reliance on heavy promotions and free shipping.

Retail share prices were pummelled last week after holiday sales reports by Macy's, Target and Victoria's Secret's parent and others that have shifted from traditional brick-and-mortar to so-called "omni-channel" formats.

This year's trade show again features the latest and greatest in robots, virtual reality

and other gee-wiz gadgetry, but also plenty of tools to try to boost profitability in e-commerce, where margins are leaner than in the glory days when shopping malls ruled.

But digital commerce is no longer novel and customers have become less forgiving of delivery snafus, or promotional misfires, such as sending coupons for rock concerts to classical music fans.

It means shifting the spotlight away from the product -- the traditional focus of the retailer -- to customer experience.

"It's no longer about killer apps," said Timothy Bridges, an executive vice president at Caggemini, a consultancy. "It's about a digitally-enabled customer experience."

Revionics's software takes readings in real-time of other e-commerce vendors, analyzes price and customer data, and changes prices for individual products up to a couple of times a day if needed, a technique commonly known as "dynamic pricing."

"The key is to understand which competitor on which items makes a difference," Sullivan said.

She said many promotions fail because they are on goods that are not truly price sensitive, or because they do not lead to sales on related items that make up for the discount.

For example, a promotion on a low-margin item like dog food may be wise if it boosts sales of nearby items that are more profitable, such as pet toys, Sullivan said.

Software by Canadian company Aceo allows stores to keep track of customers at each stage of the sales process, from communicating with a website to ordering and picking up a product.

Japan's November machinery orders stall

REUTERS, Tokyo

Japan's core machinery orders slowed sharply in November in a sign corporate capital expenditure could lose momentum as a bruising US-China trade war spills into the global economy.

The slight 0.02 percent decline month-on-month in core machinery orders, considered a leading indicator of capital expenditure, was well below the median estimate for a 3.5 percent increase and marked a slowdown from a 7.6 percent expansion in October.

A trade war between the United States and China is weighing on growth in the world's two largest economies which threatens Japan's growth because its exporters could delay investment and hiring due to worries about corporate profits.

The potential slowdown in business spending comes at a difficult time for Japan because the government is preparing to raise the nationwide sales tax in October, which is expected to curb consumer spending.

"Companies are delaying capex plans because they're worried about the trade war, so Japan's economic growth is likely to fall below its potential rate," said Hiroaki Muto, economist at Tokai Tokyo Research Center.

"This means less inflationary pressure. The government should not hesitate to delay the sales tax hike. The Bank of Japan may even have to buy exchange-traded funds in support."

Orders from manufacturers fell 6.4 percent in November from October after a 12.3 percent increase in October due to a decline in orders from manufactures of electronics and steel, data from the Cabinet Office showed on Wednesday.

Service-sector orders rose 2.5 percent, slower than a 4.5 percent increase the previous month. Orders from parcel delivery and logistics companies rose in November.

However, a decline in orders from construction and telecommunications companies dragged on growth in orders from the services sector.

Vietnam's newest airline Bamboo takes first flight

AFP, Hanoi

Vietnam's newest commercial carrier Bamboo Airways took flight Wednesday, officially entering Southeast Asia's crowded aviation sector where it will face stiff competition from established players.

Air travel in the region has boomed in recent years as appetites -- and budgets -- for travel have soared among spendthrift flyers.

Bamboo is hoping to tap into the saturated market by offering routes to lesser-known destinations in Vietnam currently underserved by heavy-hitters like Vietnam Airlines and budget carrier Vietjet.

Discounts a big draw for electronics at DITF

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There are prizes including refrigerators, LED smart TVs, washing machines, air coolers, electric ovens, rice cookers and electric irons, he said.

He also said prices of the products ranged from Tk 500 to Tk 350,000 and home delivery was free across the country for those costing over Tk 10,000.

Vision Electronics also offered free installation facilities based on products.

Samsung Bangladesh has announced giving out gifts for free with purchases from its pavilion. The gifts include rice cookers, washing machines, microwave ovens, vacuum cleaners and select models of TVs.

Samsung Mobile is offering up to 55 percent discount on specific models.

Shahriar Bin Lutfor, head of

consumer electronics at Samsung Bangladesh, said, "The DITF is an excellent platform to interact with customers and showcase our technology to them."

"This year, we are introducing many offers and discounts so that customers can experience premium technology within their budget," he said.

Moreover, customers will get a chance to receive cashbacks of up to Tk 150,000 for TVs. For refrigerators, customers may get cashbacks of up to Tk 10,000 and free gifts on select models.

Customers purchasing air conditioners will be entitled to up to 5 percent cashbacks along with a free rice cooker.

On buying select models of washing machines, customers will get up to 10 percent cashback and free gifts like irons and Surf Excel Matic, which is meant for use in

washing machines.

For ovens, customers will get up to 7 percent cashback and free gifts. Up to 10 percent cashback will be applicable for Samsung home theatres, vacuum cleaners and air purifiers.

Arif Hassan, pavilion-in-charge of LG Butterfly, said his company was offering cashbacks of Tk 500 to Tk 5,000 on all products.

Besides, LG is offering 10 percent to 100 percent discount through scratch cards but customers have to buy products worth at least Tk 7,000, he said.

If customers purchase products worth more than Tk 80,000, they will get double scratch cards, Hassan said.

Walton, Marcel, Konka, Minister, Jamuna and Sharp are also offering discounts and prizes as well as EMI facilities on the occasion of the DITF.



JAMUNA BANK

Shafiqul Alam, managing director and CEO of Jamuna Bank, presents a bouquet to Golam Dastagir Gazi on being made textiles and jute minister.

Govt borrowing shoots up amid sluggish revenue

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The government has set a borrowing target of Tk 42,029 crore from the banking sector this fiscal year.

The new government is determined to wrap up implementation of the mega infrastructural projects as quickly as possible, prompting it to borrow in bulk from banking sources, said Salehuddin Ahmed, a former BB governor.

Revenue collection by the National Board of Revenue has also slowed in the first five months

of the fiscal year, forcing the government to take large loans from the banking sector, he said.

In the first five months of the fiscal year tax collection growth stood at 7 percent, in contrast to 16 percent logged in a year earlier.

During the period, the NBR collected Tk 79,732 crore, which is 21.6 percent or Tk 21,973 crore short of the periodic target.

"It is an easy task for the government to mobilise funds from local sources than from abroad," Ahmed

said. The government is borrowing from the central bank as banks had faced a dearth of liquidity throughout last year and the situation is yet to improve, he said.

But the government stance on taking loans both from commercial lenders and the central bank is not a prudential move as it may badly impact the private sector and inflation, he said.

"The private sector is deprived of loans from lenders when the government borrows from there,"

he said, while advising the government to bypass the borrowing from the central bank to avoid inflation.

AB Mirza Azizul Islam, a former finance advisor to a caretaker government, echoed the same on revenue collection. The government should rethink its strategy to borrow from the central bank to tackle the inflationary pressure.

He however said inflationary pressure was still low so it would not draw any problems for now.

Insurance stocks surge as investors shift focus

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Now, investors expect that other sectors, including insurance, would move in the coming days, said market insiders.

Of the 47 listed insurance companies, 33 advanced, 10 declined and four remained unchanged on the premier bourse. Non-life insurance stocks rose 6.9 percent and life insurance stocks went up 4.4 percent on an average, according to IDLC Securities data.

On the other hand, the price earning (PE) ratio of the insurance sector is lower than the market PE ratio. So, these stocks have the potential to move further, analysts said.

According to DSE data, the price-earnings ratio of the insurance sector was 11.74 on the last day of 2018 when the total market PE ratio was 15.09. On Tuesday, the sector's PE ratio was 14.59 against the market PE ratio of 16.29.

The PE is the ratio for valuing a company that measures its current share price relative to its per-share earnings. A low PE can indicate either that a company may currently be undervalued or that the company is doing exceptionally well relative to its past trends.

Yesterday, the top five gainers on the DSE were from the insurance sector. Eastern

Insurance surged 9.91 percent, Karnaphuli Insurance was up 9.85 percent, Takaful Islami advanced 9.83 percent, Agrani Insurance added 9.78 percent, and Rupali Insurance gained 9.75 percent.

However, the benchmark index, DSEX, dropped 23.79 points, or 0.40 percent, to end the day at 5,839.48. Turnover fell 12.2 percent to Tk 1,000.52 crore.

Khulna Power dominated the turnover chart with 40.75 lakh shares worth Tk 28.31 crore changing hands, followed by Olympic Industries, Dhaka Bank, JMI Syringes and United Power.

Top three negative index contributors were Olympic Industries, BATBC and Grameenphone, according to IDLC Securities data.

Of the traded issues, 123 securities advanced, 185 declined and 37 closed unchanged on the premier bourse.

Chittagong stocks also declined with the bourse's key index, CSCX, shedding 34.16 points, or 0.31 percent, to finish at 10,813.308.

Losers beat gainers as 153 issues declined, 90 advanced and 28 finished unchanged on Chittagong Stock Exchange. The port city bourse traded 1.19 crore shares and mutual fund units worth Tk 36.13 crore.

Govt to go for third submarine cable

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Bangladesh got connected with the first undersea cable South East Asia-Middle East-Western Europe 4 (SEA-ME-WE 4) in 2006 and with the second one SEA-ME-WE 5 in 2017.

At the beginning of 2018, the government had asked state-run Bangladesh Submarine Cable Company Ltd (BSCCL) to take effort to establish connections with the third undersea link.

The company contacted with several consortiums and has come to know about the SEA-ME-WE-6 recently.

Another reason for looking for another submarine cable is that the first cable is nearing its 20-year lifespan, said an official of BSCCL.

"It is not possible to expand the capacity of the first undersea cable much and its maintenance cost is also increasing every year." BSCCL had spent about Tk 500 crore for the first cable and earned more than what it spent.

The second cable cost the country Tk 660.64 crore and the Jeddah-based Islamic Development Bank lent \$44 million for the project. In the early 1990s, Bangladesh had rejected a proposal for free connection

with the SEA-ME-WE-3.

ROBI tests VoLTE service

Robi conducted a non-commercial trial run of VoLTE technology, becoming the country's first operator to complete preparation for the voice service on its 4G network.

At the event, the telecom minister made a phone call using the VoLTE network and talked with Md Jahurul Haque, acting chairman of the Bangladesh Telecommunication Regulatory Commission.

Mahtab Uddin Ahmed, chief executive officer and managing director of Robi, was also present.

Robi officials said VoLTE service would enable customers to make high definition voice calls with faster call setup time.

Mobile phone users can avail both voice and data services through VoLTE, which treats voice as just another application that rides on LTE data network.

Robi's 4.5G subscribers will be able to enjoy superior voice quality as soon as the rest of the eco-system is ready to offer the VoLTE service on a commercial basis.

There will be no additional data charges for VoLTE and calls will be charged as per existing plan or pack benefits, Robi officials said.

Wholesale rice prices fall, retail unchanged

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"Now, turnout of buyers and retailers is low as prices have fallen," he said. Md Nizam Uddin, general secretary of Badamtali-Babubazar Wholesale Rice Traders Association, the oldest rice wholesale market, said prices dropped between Tk 1-2 per kilogramme depending on grain types.

"Prices would not rise as there is an adequate stock of the cereal," he said.

Millers and traders hiked the prices of rice by up to Tk 200 per 50-kilogramme bag regardless of quality after the polls on the excuse of supply disruption for transportation problem for a couple of days just ahead of the election on December 30.

And in the face of increasing prices, the food ministry sat down with the millers and traders to know the reasons of the price spiral although there had been good production in the last three seasons and public warehouses still have a stock of 11.79 lakh tonnes.

Mostafa Kamal, manager of a rice store at Gopibag, Dhaka, said prices dropped after one of the biggest rice millers, Rashid Agro and Food, cut its quotation by Tk 50 per 50-kilogramme bag.

Syed Monirul Islam Montu, general secretary of Rice Wholesalers Association at Mohammadpur Krishi Market, said overall prices of rice neither dropped nor increased.

Contacted, Tareq Anam, national sales manager of Rashid Agro, said buyers would be able to buy its 50-kilogramme bag of miniket rice (fine grain) within Tk 52 per kilogramme from wholesale markets.

He said prices rose earlier because of a spiral in prices of paddy. "We have reduced prices recently as prices of paddy declined."

Tareq urged the government to monitor the prices at the retail level to reduce the gap between wholesale and retail prices.

Chitta Majumder, managing director of the Majumder Group of Industries, which has rice mills, said prices of coarse paddy (swarna variety) declined to Tk 710 per maund (40 kilogrammes) in the last couple of days.

lending rate at 9 percent after easing liquidity condition. On June 20, BAB Chairman Nazrul Islam Mazumder made an announcement of 9 percent lending rate and 6 percent deposit rate.

The weighted average lending rate of Exim Bank, where Mazumder is the chairman, increased to 10.62 percent in November from 10.47 percent in June, according to Bangladesh Bank data.

Lending rates edging up

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As of October last year, private banks' excess liquidity stood at Tk 20,913 crore, in contrast to Tk 31,200 crore in June.

On April 4 last year, the central bank reduced the cash reserve ratio (CRR) by one percentage point to 5.5 percent to ease the liquidity condition.

The decision was taken as the directors of banks promised to bring down the