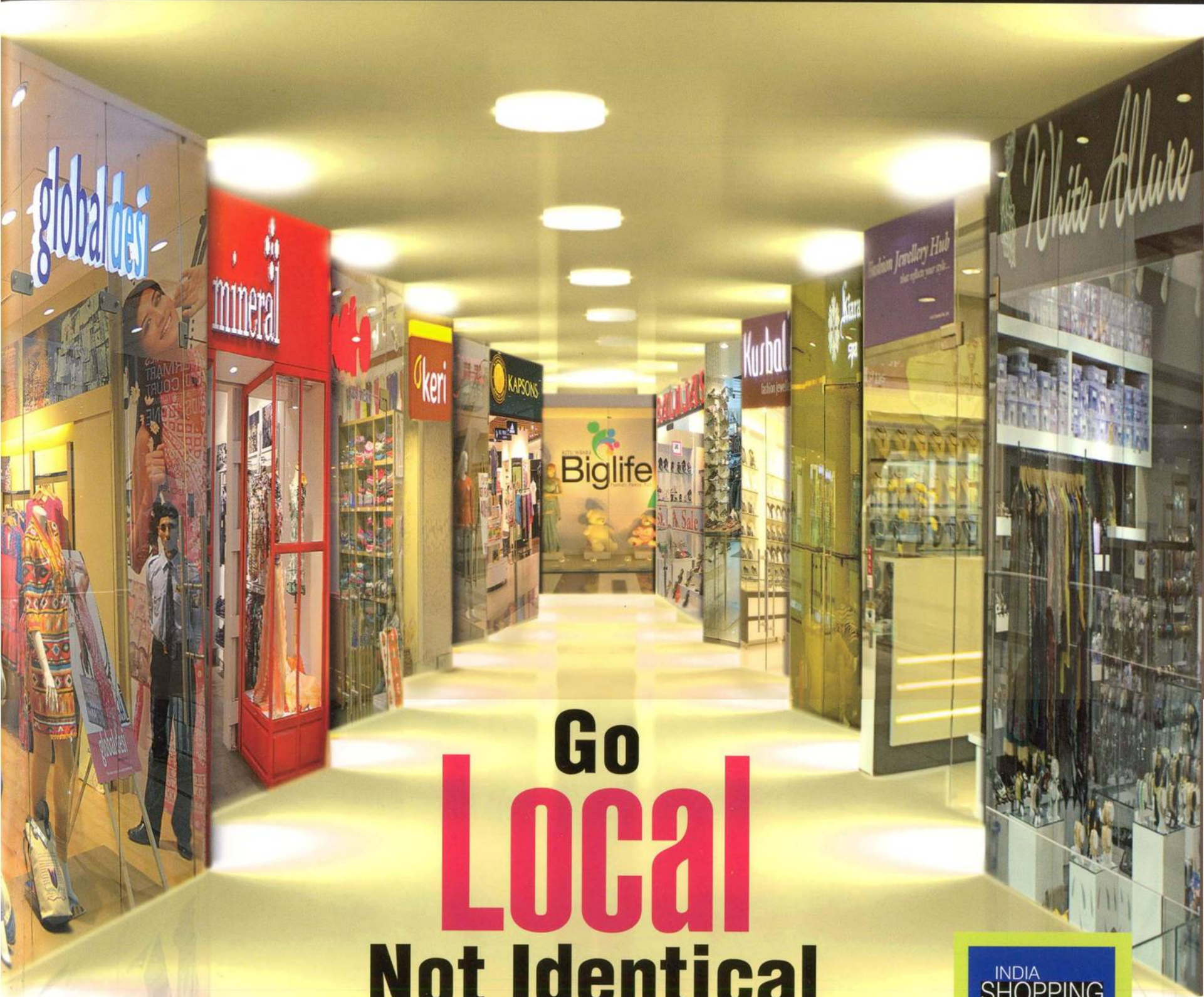


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Go **Local** Not Identical

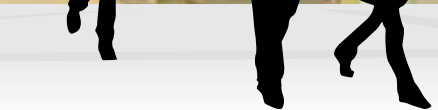
Malls Add Regional Flavour
to Differentiate

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Go Local,



In today's competitive world where most of the malls house similar tenants, what would differentiate one from the other? The answer lies in localising the mall in tune with the local needs and preferences of the catchment. This becomes all the more important as today's consumer owes no loyalty for a shopping centre unless it meets her high expectations and has something unique to offer

By Payal Gulati

Shopping centres nowadays are adopting various unique practices to attract more footfalls and differentiate their property from others. One such attempt is to give local flavour to malls by attracting regional players.

The Regional Touch

While national and international retailers set the brand positioning of a mall, regional tenants add uniqueness to it, which help them stand out of the crowd. Stressing that there should be a fine balance of national, international and regional retailers in any particular mall, Surjit Singh Rajpurohit, CEO, Neptune Magnet Mall, states: "Regional brands provide a comfortable shopping experience to customers. Also, majority of Indian women buy traditional outfits, which contributes towards the growth of regional brands. Thus, these brands make a great customer base and act as a major crowd puller for any mall."

Not Identical



Retailers get benefits such as consistent footfall, well-planned brand mix, and opportunity to be placed in scientifically zoned location within a mall

Benu Sehgal, VP – Mall Management, DLF Utilities, opines: “Regional retailers are gaining lot of importance in malls. These are the players who have established themselves over a long period in the same locality, so they don’t even know the demographics by name but are aware of their

success mantra for shopping malls.” He believes that differentiation options are limited to user, customer service, product and technology dimensions. And with current low penetration level of malls – when most malls address same retailers, who in turn have same products, vendors, price

also drive loyal local traffic along from high street to malls. “But the most important thing is where you place them without compromising your positioning as well as zoning,” he emphasises.

Dr Prodipta Sen, Executive Director – Marketing, Corporate Affairs and Retail, Alpha G:Corp, says: “Regional retailers have grown to their current success by understanding and delivering to the finer nuances of local needs, cultures and life stages. They embody and represent the very traditions that people of the city take utmost pride in. A tourist shopper today is a collector of these unique merchandise that otherwise can be found only in the suburbs of any town.” The potpourri of regional brands is spread out across shopping and food so as to provide a local connection to every facet of shopping experience. He further informs that 10 percent of the area in their malls is assigned to regional retailers.

Taking the example of small-tier cities, Sen shares: “The idea of modern retail, though not new to India, is still novel in tier 2 and 3 cities. But success of malls is slowly but surely changing the hesitant mindset of regional retailers, as is the growing requirements of

customers who now perceive shopping as a 360-degree experience of fun and family entertainment.” According to him, having regional retailers in a mall, especially in tier 2 and 3 cities, help in two ways: it forms an instant connect with the local flavours, tastes and preferences and gives the mall an identity that is rooted in the traditions, while at the same time, forming the bridge with the modern requirements of the people in that area.

Lure of the Mall

Malls provide a modern infrastructure conducive for retailers to maximise their efficiency. The support system provided by the mall management team also helps them concentrate on maximising and continuously enhancing their revenue and profitability.

“Professional management and the ability to attract maximum footfalls are the main factors that a retailer would look for in a mall as opposed to a stand-alone store on the high street. Also, the fact that we have constant events and promotion that are interactive in nature keeps their cash registers ringing,” informs Sen.

According to Rajpurohit, the retailer gets benefits such as consistent footfall, well-planned

“Regional brands provide a comfortable shopping experience to customers. Also, majority of Indian women buy traditional outfits, which contributes towards the growth of regional brands. Thus, these brands make a great customer base and act as a major crowd puller for any mall.”

– Surjit Singh Rajpurohit, CEO, Neptune Magnet Mall



choices and taste. Around 10-15 percent of a mall should go in their hands in order to pull in the pockets which we are aiming in that particular catchment where the mall has established itself.” Citing an example of DLF Place, Saket, she highlights a brand “Charming,” which is not very well-known across India but is famous in South Delhi. According to her, the brand is doing a business which can be compared to established players such as Mango.

According to Arif Sheikh, CEO and ED, Entertainment World Developers Ltd (EWDL): “Differentiate or die will be the

points and promotion strategies in the given segment – one can only differentiate on user dimension. Thus, regional retailers play a very critical role, who know local needs better than others, operate with low overheads, maintain quick replenishments, and most of them are led by entrepreneurs who have seen it and done it for a long time. Talking about the percentage assigned to regional players, he says: “Around 6 percent of our mall space has been assigned to them.”

He further adds that since these retailers are regionally concentrated, they know a great deal about low-cost sourcing and

REGIONAL PLAYERS IN MALLS

Neptune Magnet Mall, Mumbai

Ashika Sarees, Jelmoli Ethnic, Just I, Colo Photo Shop, Dityaa, Soul Art, Stylocus, Swayambhu, Glance Shoes, Lancy, Mumbai Deli, Banana Leaf, Golden Star Thali, Asian Wok, Sunglass Factory

AlphaOne, Ahmedabad

King Furnishing, Cloud 9, Span, Infinity, Estelle, Stitch, White Allure, Anshu's Designer Studio, Keri, Kushals, Stella, Okhai, Shri Sonal Karni, Shibori, Kutch Kutir, Aryans, Kia International, Saavri, Shambhu's, Café Bollywood, D Vada's, Dosa Place, Mocktail Shots and Chatkazz

AlphaOne, Amritsar

Lakshita, Sun Glass Hut, Ms Kundan Creation, Umrao's, Satguru, Mask, Royale Newest, Vikrant Creations, Mishamika, Bille di Hatti, Toys 'n' kids, India House, Sangam Shawls, Best Punjabi Jutti, Khem Singh & Sons, Amritsari Dil Se, Sandy Harbour and Mughal Darbar

Treasure Island, Indore

Guru, Afshan, Sajan Sajni, Harrison, Siddh Ornaments, Armour Sports, Toy Home, FYI-Its Maggi, CHAAT m3, Indore Junction and Sandwich Bar

"Regional retailers are very well established and can drive some amount of footfalls, but they cannot be the anchors"

– Benu Sehgal, VP – Mall Management, DLF Utilities



with some of the leading brand names in the country. He gets a higher visibility and pre-decided buyers in shopping malls. Being in a mall, they tend to share space with other bigger brands which gives them an ego boost. They are encouraged by the class of gentry coming to the malls."

Khushboo Saraf, Head – Leasing and Marketing, Forum Projects, Kolkata, believes that there is

in leasing and rental agreements, catering to a certain section of society are other reasons which do not frequent malls.

Sheikh says: "Regional retailers don't believe in rent and CAM charges as they are more comfortable in buying shops and operate which is not in sync with many malls. Most of them are first generation entrepreneur driven brands and do not fully accept that malls are strong alternative to move from their own shops, with no standard operating procedure and high rentals. They also know if they come to malls they would have to compete with big brands having deep pockets."

Agreeing with him, Amit Bagaria, Founder and Chairman, ASIPAC Group, says: "Many elder people who run some of the businesses do not prefer to be in the malls because of their fixed mindsets and upbringing in India without malls. It is a process of natural evolution – when the next generation becomes decision makers, they will be more comfortable in a mall." Citing an example, he says if a retailer is opening a first shop in the high street of a city, he has to spend crores in advertising and marketing to let people know of his presence. However, in a well-known mall, he does not need to spend most of this money as there will be automatic footfall.

Besides, some regional retailers are not open to change and feel that mall operational costs are quite high. Also, they believe that there is still huge potential in high streets.

Challenges

While malls provide modern infrastructure, consistent footfall, professional management and convenient parking, there exist challenges too. BA Kodandarama



Many regional retailers are still hesitating to enter mall premises due to the high operating expenses and common area maintenance charges

brand mix, and opportunity to be placed in scientifically zoned location within a mall. Shopping centres are recognised as a destination that is a combination of shopping, food courts, movies and live events, all in an air-conditioned environment. Malls also take care of the parking, which is a nightmare on high streets.

Sheikh of EWDL believes that the arrival of national chains have helped regional retailers become more agile and aggressive. A host of family owned, regional retailers

are reinventing themselves as they gear up for a larger retail footprint and this aggression is helping them as well as mall developers from footfalls to better conversion and trading densities. Consumer experience is what matters the most, and these players score there very well as they have built relationship with catchment for a long time.

Shubhojit Pakrasi, Head Mall – Operations, Shrichi Mall, Kolkata, says: "A small regional retailer dreams of featuring one day

recognition of being in malls. To stay on high street has a huge disadvantage as traffic problems loom large. On the other hand, visibility is more in malls and there is better brand recognition.

Retailers Shying Away From Malls

Many regional retailers are still hesitating to enter these premises due to the high operating expenses and common area maintenance (CAM) charges. Issues such as shop ownership, non-transparency

"Since it is difficult to implement, monitor and control revenue share module with them in absence of previous established taking density and discomfort they have in sharing sales data, we always go for a fixed rental with them"

– Arif Sheikh, CEO and ED, Entertainment World Developers Ltd



"Regional retailers should evaluate the mall based on catchment population and whether it is relevant to their merchandise offering and price points, accessibility/location of the mall, parking spaces and already signed anchors"

– Amit Bagaria, Founder and Chairman, ASIPAC Group



Setty, Chairman and Managing Director of Chennai-based CDIT retail chain Vivek, believes that if a mall fails, the retailers fail as well. This is different from a stand-alone store where the reason for the walk-ins is completely the retailer's effort.

"A lot of people just come to kill time at the mall and drawing their attention into the store is a big challenge. New players are coming in everyday and there are more entries than exits at a mall," says Priya Shah, Director, Show Off.

Manohar Chatlani, MD, Favourite Shop, states: "Some malls have reasonable rentals but slice your bottom line by loading very high overheads like CAM, electricity and HVAC (heating, ventilation, and air conditioning) charges onto you. Others have extremely high rentals."

Can Mall Developers Help?

It is crucial to build the regional retailers' confidence by allowing certain flexibilities – be it rental or infrastructural support – and also provide them with a level playing field to compete with the more established brands. Sehgal suggests to educate these players and firmly believes that once they enter mall they prefer these premises when compared to high street. She shares the example of Jamun Tree which had their first store in Noida and now they are only present in malls. She adds: "They are very well established and can drive

some amount of footfalls, but they cannot be the anchors."

However, the trickiest part is maintaining the fine balance between premium and local. Malls which are not able to draw in the right crowds that can straddle both often land up compromising one for another. In that case the balance usually tips on the premium due to the higher margins. This leads to an irreversible down trend for the regional players – shaking their confidence and those of their fellow businessmen who may at

that time be evaluating the option to enter a mall.

Pre-Mall Preparation

Some basic groundwork is required on part of the retailers before entering a mall. **"Regional retailers should evaluate the mall based on catchment population and whether it is relevant to their merchandise offering and price points, accessibility/location of the mall, parking spaces and already signed anchors,"** suggests Bagaria.

Setty of Vivek says: "Certain important aspects such as the location of the mall, the mix of brands present, owners and operators need to be taken into consideration before moving into a mall. In addition, the rentals should be reasonable."

According to Chatlani, location is everything. To get the right location, neighbours, level, zone are critical for the long-term sustainability of the brand. The consumers have so many distractions from the minute they step into the mall until they reach the store they intend to go in. "Besides, with extremely high overheads, it is critical that every single store in the mall is making

money. This not only motivates the mall management to excel in their marketing but also helps the mall maintain the quality of footfalls that will keep pushing each brand to give the best merchandise and service to its customers," he argues.

Placement

The placement of regional players depends on the zoning in the mall and category they fall in. They should be interspersed with the international or national brands and given a level playing field. At Neptune Magnet Mall, regional brands have been strategically distributed all across the mall depending on the zoning and category mix.

Sheikh stresses that their location is based on product group and price points they represent, with brand perceived value in local market such as regional brand "Guru" at our mall who retails fashion merchandise is placed on respective floors along with other ethnic brands. "Afshan" which is popular for women fashion is placed along with national fashion brands but on the third floor of the mall.

"At AlphaOne, Ahmedabad,



Changing customer demographics at malls necessitate a change in the product offerings as well



second floor is dedicated to local brands in various categories such as jewellery, optical, electronics, books and music, toys, healthcare along with wedding-related stores. The size of each store/kiosk has to conform with our brand mix, zoning, and of course the demand and movement of the product category in question," he informs.

Rental Model

While most of the malls prefer revenue share and minimum guarantee, whichever is higher, Sheikh believes: "Since it is difficult to implement, monitor and control revenue share module with them in absence of previous established taking density and discomfort they have in sharing sales data, we always go for a fixed rental with them."

IT IS CRUCIAL TO BUILD THE REGIONAL RETAILERS' CONFIDENCE BY ALLOWING CERTAIN FLEXIBILITIES – BE IT RENTAL OR INFRASTRUCTURAL SUPPORT – AND ALSO PROVIDE THEM WITH A LEVEL PLAYING FIELD TO COMPETE WITH THE MORE ESTABLISHED BRANDS

Agreeing with him, Sehgal comments: "Generally revenue share is not preferred with these players; hence we go on pure rentals because they still follow the old school and are not so

Favourite Shop opened the first Soch outlet in 2006 at Forum Mall. "We wanted to be at a place that had fantastic footfalls, security, ample parking and is a one-stop shop for shopping, entertainment

Professional management and the ability to attract maximum footfalls are the main factors that a retailer would look for in a mall as opposed to a stand-alone store on the high street. Also, the fact that we have constant events and promotion that are interactive in nature keeps their cash registers ringing.

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– BA Kodandarama Setty, CMD, Vivek



sophisticated to have computerised stock and data which is very transparent."

Retailers' Perspective

Vivek entered mall for the first time in September last year, at

and food. Hence, we decided to shift into malls," says Chatlani.

"We have a ready customer base here who has money in her wallet, time on her hands and the interest and intension to shop. If we are not there to satisfy her requirements, then someone else will! So it is important for us to be in malls," he adds. Talking about the expectations from developers, Chatlani says: "The first step is to understand the requirements of regional retailer. In mall, advertising support goes a long way in effectively driving footfalls to a regional retailer."

Raisons, a Delhi-based brand of handwoven sarees and dress materials that started in 1969 in Delhi at South Extension, moved to Grand Mall in 2009. Gaurav Gupta, Owner, Raisons, says: "Usually outlets in malls receive select and serious customers. We deal in exquisite handwoven sarees and fabrics, which cater to a niche customer base. This was the main reason for shifting to a mall, even though we have retained our store at high street."

Indianwear brand Seven East, launched in May 2011, took the mall route to open 19 stores primarily spread across India in a period of 13 months. They have

Forum Mall, Bangalore with a new format called "Viveks Digital 1," which focusses exclusively on IT products and accessories.

"The reason behind opening the store in a mall is because the walk-ins and brand visibility are more and also due to the good customer profiles. In addition, shopping in a mall is a wholesome experience with entertainment, amusement and food," believes Setty.

only one stand-alone outlet. Says Sanjay Bindra of Seven East: "I could establish Seven East without any major campaign or press conference. I opened up stores at the point of convenience. That is the power of a mall. It depends on the category you are playing in. The Indianwear category for women holds tremendous opportunity in a mall. You get a lot of footfall. I feel there will be another boom in the malls within the Indianwear segment. The category is wide open."

Shah says: "The first mall we entered was Gopalan Mall at Mysore Road in 2007 spread across 9,000 sq.ft. The rapid growth of the mall culture in Asia and elsewhere reflects the rise in income and expectations across the globe. Many places suffer from hot climate for which malls provide both a diverse shopping experience and relief from the heat. People flock to a mall because of its cleanliness and sanitised environment as opposed to pollution choked, beggar ridden and often foul-smelling streets. We decided to venture into the malls and understand the functioning and revenues at a mall outlet."

Even the grocers are not lagging behind in the mall rush. Delhi-based Morning Store has opened its mall store in 2009 at Living Style mall in Jasola. Says Agosh Malik, Proprietor, Morning Store: "Our store in Sarita Vihar was not meeting our expectations so we decided to look for another location. When we got an invitation from the Living Style mall developer, we decided to go for it as malls present freedom from bills for air-conditioning, maintenance and generators, besides a good shopping environment."

Another grocer in the race is Modern Bazaar. When its owner

Kunaal Kumar decided to open a store in a mall in 2009, he wanted to cash in on the growing mall culture and leverage the brand value of his 42-year old retail outlet in Delhi's Basant Lok, and create more visibility and interest around it. Talking about the selection of mall,

WHEN A BRAND HAS ACHIEVED A CRITICAL MASS OF LOYALISTS, AWARENESS AND AN AGGRESSIVE MARKETING PLAN IS IN PLACE, THIS IS THE IDEAL TIME TO EXPAND TO MALLS

he says: "We decided to launch our new store in a mall, for which I choose the Select CityWalk because it is the most popular in South Delhi, though several other shopping centres were offering me a better deal." Kumar, along with some partners, has opened another store-cum-café called Dloce Vita in Mumbai's Phoenix Palladium mall.

Changing customer demographics necessitate a change in the product offerings as well. After the move, Raisons expanded its product portfolio to include handwoven sarees from all parts of India. Innovations such as incorporating the magic of the nine

yards in the traditional saree helped drive footfalls for the company. "In a mall, there is a select class of customers ready to spend for the right quality. At a high street, footfall is more but conversion is less, while in malls there is a balance," reasons Gupta.

"After shifting to the mall, we worked on our USP of offering a wide variety at competitive prices. The staff at the mall was educated to understand the customer's requirement which helps in conversions. We also need to make some noise with amazing promotional activities to pull in crowd and make our presence felt. Sale and in-house promotions are an integral part, which help us sustain competition with other brands," asserts Shah.

Right Time

When should a brand ideally expand to malls? The answer is: when it has achieved a critical

mass of loyalists, awareness and an aggressive marketing plan is in place. A mall is a one-stop destination wherein there is something for everyone and usually families visit together. There is more scope for impulse visit and purchase. A high street makes a visit for destination focussed, wherein shoppers visit a single store and don't always walk into the adjoining stores, mentions Shreesh Misra, Centre Director, Phoenix Marketcity, Mumbai.

"Smaller brands can make the move when they are reasonably confident that there is a strong traction for their brand. Otherwise if you go into a mall when you are still in the growth story, it's a challenging task. And many people have folded shops, when they have moved to malls too early in the growth story, especially in smaller towns and tier II cities," believes Ankur Bisen, Associate VP, Retail and Consumer Products, Technopak.

Chatlani of Favourite Shop concludes by saying: "It's yesterday! Malls are the future. You've missed the vehicle if you're not already in them." ●

"Some malls have reasonable rentals but slice your bottom line by loading very high overheads like CAM, electricity and HVAC (heating, ventilation, and air conditioning) charges onto you. Others have extremely high rentals."

— Manohar Chatlani, MD, Favourite Shop

