

Shopping Centre **News**

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DEVELOPING RETAIL IN INDIA

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KEEPING UP
WITH THE TIMES

MALLS EMBRACE TECHNOLOGY

- ➔ Event Report- India Retail Forum 2015
- ➔ Innovation is key for malls to expand horizons
- ➔ Flea Market- Adding a flavour to the tenant mix
- ➔ What all malls are doing to stay relevant in the digital age?



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Dear Readers,

Recently, the top retailers, shopping centre developers, realty consultants, analysts from all over India congregated on Mumbai for two days to take stock of the retail and retail real estate industries and discuss the year gone by and what lies ahead. India Retail Forum 2015 held from September 15 and 16 this year witnessed interesting debates and sessions that highlighted the key learnings and concerns of the industry.

In this issue of Shopping Centre News, we have covered in detail about the discussions, perspectives and viewpoints of the retail real estate stalwarts on the opportunities and challenges related to the industry and how new ideas and innovations can be implemented, carrying forward the synergistic relationship.

The industry biggies discussed about "Connecting the physical spaces with the always connected consumer" With the OmniChannel phenomenon, the Shopping Centres also need to sync in with this space, complementing the physical ambience and leisure seeking environment which the shoppers find a great enchantment for – after all, shopping is not just an activity, it's a favourite pastime, a hobby, a source of retail therapy for rejuvenation of the mind and the body for many of the younger generation.

The grand finale of the IRF, the annual Images Retail Awards – is an annual awards event, designed to recognise and felicitate the best in class players in the Indian Retail Industry through a scientific and industry recognised process. The stellar night awarded 18 stylish trophies to India's most forward-looking retailers who fuelled growth and innovation across multiple categories in fiscal 2014-15.

We hope that you will like this issue of Shopping Centre News magazine and in future we plan to bring more informative and educating articles for you.

On this note, I wish all my dear friends of retail fraternity a very happy and prosperous year ahead.



Amitabh Taneja

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KEEPING UP WITH THE TIMES MALLS EMBRACE TECHNOLOGY

Discussion and debates today revolve around the survival of the physical retail space in wake of the onslaught brought in by e-commerce. Doing away with all such apprehensions, experts feel that offline retail can beautifully coexist with online retail.

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IRF 2015 THE YEAR OF RETAIL'S RENAISSANCE



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Every year, the crème de la crème of the retailing world congregate at the India Retail Forum (IRF) to connect and share enlightening experiences that help businesses craft their retail journey. It's a TICKET to a world that explores global retail trends and progressive technology to discover exceptional – and game-changing – retail ideas.

This year, the IRF, which held its annual congregation on September 15-16 at the Renaissance in Mumbai, observed 2015 as the year of India's 'Retail Renaissance'. Indian retailing is going through a very exciting period both from a point of view of a customer and a retailer. While the customer spoils for choice in products and purchase channels, retailers are engaged in a battle to charm the Indian customer and gain their mind space and their wallet. Given the increasing pricing pressure from e-tail, the never decreasing rentals, sluggish market demand and a round of consolidation, and foresee at the next few years could see the reinvention of retail in India.

Further, digital data and connectivity is empowering retailers to usher in the retail renaissance. And the key is embedding intuitive intelligence in retail operations to connect consumers with products through holistic experiences and services, regardless of the business category or format.

In the further pages, Institute of Technology & Management (ITM) Khargharh reports briefly on some of the deliberations at IRF 2015.

LAYING THE FOUNDATION OF THE NEXT ERA | CHAIRMAN'S KEYNOTE & KEY THOUGHTS AT THE INAUGURAL : IRF 2015

With world-wide expectations that the next phase of the retail revolution would be led by India and China, all eyes were on the thoughts of India's retail leaders at the IRF 2015 inaugural. Krish Iyer, Chairman IRF 2015 and President and CEO Walmart India in his India Retail Forum 2015 keynote address confidently declared that "India being a consumption driven economy, has come handy as against the export driven economy, for the country's retail sector amidst the ongoing turbulent adjustments in the global economy." Further he added that, "while focus on manufacturing is important and laudable, the future of India's growth will come through service sector driven by technology and 300 million new internet users, especially as the majority of sales in brick and mortar is also digitally influenced."

Excerpts from the Inaugural session

Following Krish's address the audience eagerly awaited the views of panelists for the much awaited session. The list of illustrious retail leaders included-B.S. Nagesh, Founder, TRRAIN; Rakesh Biyani, Joint MD, Future Retail; Alok Goel, MD, SAIF Partners; Radhika Ghai Aggarwal, Co-Founder, Shopclues.com; and Vishal Mehta, Founder & CEO, Infibeam.com, joined Krish on stage. BS Nagesh the lead for this inaugural session invited the retail leaders to express their views on the emerging scenario and key issues in retail in India today.

Retail SWOT 2015

Alok Goel, MD, SAIF Partners, expressed his views on the continuous growth in the mobile market and subsequent increase in online retailing. He shared

that China which was being considered an inferior market is now increasing at a very fast pace and is soon set to surpass mature markets, and India is seen as a market which has huge potential and which can get returns on investment back for the businesses. But he warned about the fact that there is huge uncertainty and the Indian market is volatile. The silver lining was that India being a 1.25 billion population holder has an edge over other markets. He also opined that the price war in the online scenario he felt that it would eventually fade and that brick and mortar shops will survive and that the customers will ultimately value customer experience foremost.

On these multiple facets, Krish stated that it is important to appreciate that there is huge potential in the bottom line. The focus of online retailers on the bottom line can be a profitable affair. Brick and mortar shops are also simultaneously digitally influenced as the rise of digitisation and adoption of mobiles at high rate is affecting the functioning of all retailers. The new consumer is now highly active and they search and explore products online before making a purchasing decision. Krish further said that in this current market scenario, "a retailer should have technology in their DNA. A business should incorporate experts in the field of digitization." According to him, in the future the "two important parts in the retail business will be the model of the business and the marketplace which it uses or offers. The managed marketplaces will hold great significance in building customer value." A good platform with impressive customer services will help build the brand better and eventually increase the profitability. He summed up by saying that "net revenue is all that matters and that it will be the deciding factor for the survival of any business."

Sharing her thoughts Radhika Ghai Aggarwal, Co-Founder, Shopclues.com said: "There is a significant change in the consumption pattern of consumers. The growth is high in adoption of online retailing, which is a direct result of the increase in mobile usage." She further explained this by stating that at the inception of her company, the mobile users constituted 2 per

cent of the online purchase, which has now increased to 70 per cent. The weekend behaviour with respect to online shopping is totally changed as consumers rush to the online shops in the weekends for good deals and discounts. She stressed that local producers are now selling their products online, which gives "a huge hint about an untapped market in local online selling."

According to Rakesh Biyani, Joint MD, Future Retail, "the retail industry is in dire need of re-evolving in the current market scenario. Research and development are very vital for a business to survive in today's dynamic market as consumers are aspirational and much more demanding." Rakesh Biyani further warned that today "specialisation is needed in the retail business as major brands have made consumer more demanding." He was firm on the fact that the services provided by brick and mortar shops cannot be replicated by online stores.

Retail Future 2015

To conclude the session BS Nagesh urged the other panelists to share their thoughts on the future of retail and key areas of growth in India.

Krish responded by saying that, "ease and speed of doing business will be very essential for businesses in the future." Plus he added that "businesses need less restrictions and more liberty."

Finally, Biyani shared his opinion saying: "Offline businesses are getting digitally ready and are spending huge amounts to make themselves as competitive as e-tailers. Due to lack of customer experience, the customers will eventually return to the retail source (brick & mortar)."

In a pre-inaugural presentation, Sanjiv Gupta, Chairman & Managing Director, GETIT Infoservices – Askme.com and Askmebazaar.com, stated, "Online retail is now available extensively with a relatively cheap cost structure. Digital is becoming a social experience. In China, people shop on, while we chat all the time. Online payment is also here to stay, with more and more people using mobile wallets these days. The biggest retail ecosystems of the next decade are being built online."

THE FOCUS OF ONLINE RETAILERS ON THE BOTTOM LINE CAN BE A PROFITABLE AFFAIR. BRICK AND MORTAR SHOPS ARE ALSO SIMULTANEOUSLY DIGITALLY INFLUENCED AS THE RISE OF DIGITISATION



KRISH IYER



ALOK GOEL



RADHIKA GHAI AGGARWAL



RAKESH BIYANI



VISHAL MEHTA



SANJIV GUPTA



IMAGES RETAIL AWARDS 2015

The 12th edition of Images Retail Awards (IRA) 2015 was held at Renaissance Hotel, Mumbai on the eve of October 16, 2015. It is an annual awards event, designed to recognise and felicitate the best in class players in the Indian Retail Industry through a scientific and industry recognised process. The stellar night awarded 18 stylish trophies to India's most forward-looking retailers who fuelled growth and innovation across multiple categories in fiscal 2014-15.

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IMAGES RETAIL TECH AWARDS 2015

The Images Retail Technology Awards (IRTA) which was held in Mumbai on the eve of September 15th, celebrated some of India's most outstanding achievements for implementing technologies in retail and honoured excellence in technology deployment. 10 stylish trophies were awarded to the retailers who have done exemplary work in the domain of IT deployment.

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KEEPING UP WITH THE TIMES

MALLS EMBRACE TECHNOLOGY

The tug of war between modern and traditional retail formats has become passé. Discussion and debates today revolve around the survival of the physical retail space in wake of the onslaught brought in by e-commerce. At least that is the picture in everyone's mind, if not on their lips. Doing away with all such apprehensions and in fact talking about how offline retail can beautifully coexist with online retail, the sharpest mind from the world of retail real estate and brands share views, experiences and expectations.

BY ZAINAB S KAZI

Technology. The buck stops here and the journey to success also begins from here. A click or a touch is all it takes for a customer to fill his shopping basket. Keeping this in mind, it is but natural for those in retail to question the viability of having a physical space to sell their products which eventually leads to questioning the need for mall development. But then how about offering you a cup of say Starbucks coffee online? Does it make any sense? Majority of those who swear by their cup of Costa of Starbucks really cannot imagine sitting at home and savoring the taste. It is the experience that the coffee shops provide that matters. Similarly, this entire debate of online eating up the offline business can be looked upon in the same breadth. People in India do not visit malls just to shop. Malls are more of a community centre in India. With a generous dose of entertainment and dining out options that malls extend, it is no exaggeration to predict that malls in India are here to stay but of course on conditions that they adopt technology and upgrade and update themselves to be a step ahead always than the technologically advance and ever changing consumer.

ONLINE ONSLAUGHT?

Not really? Anuj Puri, chairman and country head – JLL shares, “America is years ahead of us when we talk of online retail but then have we seen the extinction of malls in the US? Online and offline both are here to stay and coexist.” According to Puri, malls which were to launch themselves in the near future are seen changing their plans but then this has nothing to do with people preferring to shop online. The malls who have got the plans wrong are the ones taking a step behind. Malls need to understand and upgrade themselves to keep pace with the changing dynamics of the new generation.

Categories like books and electronics are seeing more takers online but bringing in a fresh perspective to this, Rajneesh Mahajan, ED, Inorbit Malls shares, “I keep on hearing that bookshops are going to be dead in a few years. On the contrary, the year on year sales from bookshops is increasing though yes, the shops are becoming smaller in size. People who are avid readers would like to browse through books and then choose their pick and this can happen only at a bookshop.” Accentuating the point off book stores not facing any extinction, Joel Stephen, Senior Director, CBRE spoke on how China is once again witnessing a rise in the opening of bookshops post a phase where there were some closing due to the online shopping of books. According to him, “Bookshops are seen as lifestyle destinations.”

The above drives the point that provided an unmatched experience is given to the customer, there need not be any fear of diverting him from the physical shopping environment to the online space. Having said that, it the online popularity in India cannot be undermined. Stephen drew an interesting analysis of how online is big in India and China but



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– Anuj Puri,
Chairman & Country Head, JLL India

not so much in Hong Kong, the reason for which can be attributed to the fact that Hong Kong has a very open market culture thus taxation on products is not as much as what we have in India and China. Price is an important factor that leads people to purchasing online other than the factor of convenience. According to him, this too isn't an issue in Hong Kong considering driving in and around Hong Kong is trouble free. Sharing data from a research conducted by his company, Stephen revealed, “Through the CBRE consumer survey we found out that 84 per cent of people in India check prices on phone when they

are in and around the store. Across Asia Pacific it is 61 per cent. In India social media is accessed by 85 per cent for product information versus 67 per cent in Asia Pacific.”

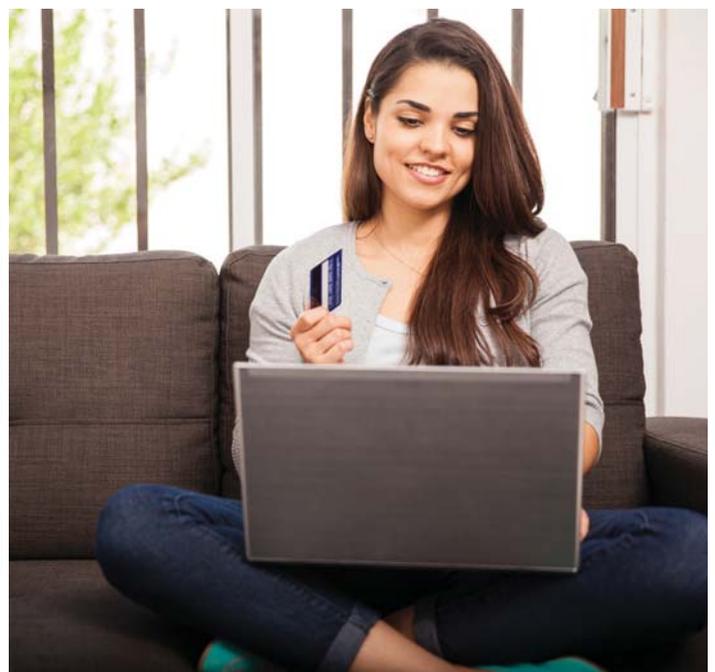
MAKE WAY FOR OMNICHANNEL

Malls will need to increasingly imbibe technology, and there is no shortage of examples of this already happening. For instance, online retailers are now launching stores as fulfillment centres, and are locating these stores near major metropolitan areas in an effort to locate products which are in high demand close enough to be able to meet same-day or next-day delivery requirements efficiently.

Meanwhile, though offline retailers have bigger constraints in terms of the warehouse infrastructure available to them, but could have an edge by virtue of having a multitude of stores located all over the country, and even worldwide. They have the option of repurposing these stores so as to be able to offer direct order fulfillment and back-office stocking, while keeping a cap on the assortments stocked on the floor. This will definitely call for a lot of investment in terms of changing systems and operations, but it is well worthwhile for achieving long-term competitiveness with e-commerce players.

High internet and smartphone penetration is also playing a big role in how retailers conduct their business. In F&B, more and more players are developing mobile applications which allow their customers to inspect the menu, make table reservations and make online payments online.

Fashion retailers are increasingly adopting Omnichannel retailing, giving customers the flexibility to inspect merchandise in their stores and then pay for their purchases either in-store or online. We are also seeing the use of tablets by store staff taking off in a big



ADDING A LOCAL TADKA WITH A FLEA MARKET

So where did India shop before the advent of the mall culture? No prizes for guessing here. Of course on the streets. On the high streets for sure there were brands alluring their patrons but then the weekly bazaars were a place for shopping and leisure. With malls coming in, things changed. Footfalls to malls increased and that to weekly bazaars perhaps saw a hit. Though now, with the flea market concepts catching up at malls, things are witnessing a change once again. We trace the inception and ongoing journey of the flea market trend being observed in malls in India.



With malls becoming a community centre offering visitors a chance to shop and indulge in food and entertainment, it is a natural extension for them to offer avenues for people to indulge in an ambiance of being in a flea market as well. Who does not enjoy the flea market look and feel. The niche products, the lovely bargains, the local flavor with a touch of ethnicity etc. all of the elements typical to a flea market which are enjoyed by all.

The Concept

Setting the context to talk about the concept of flea market culture in India, Anuj Puri - chairman and country head, JLL India shared, "The concept of flea markets in Indian malls derives from the international format, though there are differences in scale and product mix. Abroad, flea markets are

often permanent fixtures that take up entire streets or locales. In malls, they are necessarily restricted to available open spaces, and may crop up only on set days rather than around the week. Local retailers who are not represented in the mall are invited to make their wares available for a certain duration at nominal occupancy costs."

The above aptly describes the need and essence of a flea market concept in any mall that you may come across. Where Select CITYWALK has been an early pioneer to establish a flea market within its property, today majority of the malls across India take pride in holding weekly / fortnightly/ monthly / quarterly bazaars with an array of products – from ethnic bangles to a local delicacy.

Drawing similarities between the flea market concept and that of a haat, Prodipto Sen from Alpha G:Corp shares, "Traditionally in India, there was always one day in the week called 'HAAT'. In the Indian



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