

Shopping Centre **News**

APRIL-MAY 2012

DEVELOPING RETAIL IN INDIA

VOL. 5 NO. 2 ₹100



Tenants tenants in the mall, who is the fairest of them all?

There was a giant mall...and it had several small and big tenants. One of the tenants wasn't happy and decided to talk to the mall. To his surprise several others joined in who were afraid to speak their mind...

Join *SCN's* initiative to connect the shopping centre stakeholders on a common platform where tenants show the mirror to their malls. An honest feedback can make a significant difference to improve the way the shopping centre business happens in India

Shopping Centre News

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A good shopping centre is not just a multi-billion retail property, but it's actually a bundle of expectations, appealing to every one in the value chain. The developers' vision must catch the fancy of not just 10 or 20 retailers but convince hundreds among the best of the best in the retail business to partner the journey and stay through thick and thin of the unforeseen business environment.

Now the game of expectations is never easy. This holds true, especially, for developer-retailer issues. Every new mall carries a promise to be the 'best' among the rest, despite the fact that such a promise may actually be hard to keep. Real estate in India is expensive compared to anywhere else in the world, and keeping aside other business issues, our civic infrastructure in terms of roads, parking, and public transport does not match the modern cities even in this part of the globe.

Broadly speaking, retailers want well planned shopping centres that guarantee consistent footfalls and therefore, sustainable business. Developers need attractive returns on their investment and the risk that they take in a competitive or emerging market. Now developers can keep the equation more practical, if they only take the retailers' needs and expectations into account while selecting locations.

Various aspects influence the evolving retailer-developer equation. Striving to achieve a balance between the ground reality and the growing expectations is vital for the new generation shopping malls to demonstrate a change for the better and deliver the mall promise to the tenants, investors and the ultimate consumers.

Enabling this complimentary business relationship to strengthen, our industry forums and events continue to set the stage for meaningful dialogues to evolve a fruitful understanding of issues, finding workable solutions and planning ahead.

Serving the retail industry in all its dimensions through various informative as well as interactive platforms across verticals including Fashion, Textiles, Beauty, Food, Franchising, et al, IMAGES Group invites the Indian retail real estate industry to take centrestage at its very own annual event – India Shopping Centre Forum (ISCF) – to be held on May 8-9 in Mumbai.

We believe that commitments have no meaning, unless backed by performance. So, help us deliver our promise by sharing your expectations, ideas and suggestions for the 5th edition of ISCF. Rest assured, we'll do all it takes to grant your wish list. See you at ISCF 2012!



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COVER STORY 34

**Tenants
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mall,
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The views expressed in the guest articles are those of the respective authors. The editor and publisher may not necessarily subscribe to the same.

Tenants tenants in the mall, who is the fairest of them all?



There was a giant mall...and it had several small and big tenants. One of the tenants wasn't happy and decided to talk to the mall. To his surprise several others joined in who were afraid to speak their mind...

An honest feedback can make a significant difference to improve the way the shopping centre business happens in India. *Shopping Centre News* is taking the initiative to connect the most important shopping centre stakeholders on a common platform where tenants show the mirror to their malls. In the first of our series, we look at the performance of three of the operational Phoenix Market City properties – in Mumbai, Bangalore and Pune – launched in the year 2011.

Developer Background: A pioneer in converting mill land into modern, multi-use, integrated property, 'High Street Phoenix' was the first consumption centre developed by real estate developer Phoenix Mills Limited in India. Developed on 1.5 million sq ft of space, the iconic complex houses retail and entertainment, commercial and residential complexes. Phoenix Market City has been envisioned as a dynamic new retail-led mixed-use destination following the the Group's plans to foray into developing real estate in cities including Mumbai, Bangalore, Chennai, Pune and Kolkata.



Is there a success formula to do a shopping centre 'in India'? Putting a multi-crore investment at stake could well be tough for new developers and first timers in the shopping centre development and operations business. But can we say that the seasoned players with iconic credentials in India's shopping centre space have got it right with their subsequent retail real estate ventures?

Be it in the competitive metropolitan cities of the country or in the unchartered tier II or III towns, running a successful shopping mall demands an unwavering commitment from the developer's side. And it's the retailers who come closest to sharing the developer's vision for the unforeseen success of a shopping centre project as they are the occupiers of retail space who bring with them the practical wisdom of running a retail business. Since every mall is unique, an honest tenant feedback will help developers combine the big picture and the need for attention to detail.

To serve the interest of the shopping centre fraternity, we at *Shopping Centre News* are looking to fill the gap. It would be interesting to study the performance of malls launched by renowned developers in the past two years in terms of effectiveness of tenant mix, mall management, promotions, footfalls and how all these put together worked to generate sales for retailers, and whether the tenants are satisfied with their respective returns on investment. The idea is to help make every retail and mall venture profitable, through meaningful feedback from the retailers.

In the first of our series, we look at the performance of three malls launched by Phoenix Marketcity in Mumbai, Bangalore and Pune.

Tenant Perspective

Phoenix Market City malls are operational in Mumbai, Bangalore and Pune. Market City, Chennai is yet to open. All the Market City malls are maintained and operated by Market City Resources Pvt Ltd and designed by international architect firm Benoy.



Rating Points

Exceeds Expectation	: 1
Meets Expectation	: 2
Below Expectation	: 3
Needs Improvement	: 4
Disappointing	: 5

10 critical parameters on which tenants rated Phoenix Market City(s)

Phoenix Market City Tenants	Tenant Mix	Mall Design practicality	Parking	Mall Maintenance	Your store performance (ROI)	Mall Promotions	Management's approach to meet tenant needs	Overall Developer-Tenant Relationship		
								(Leasing Stage)	(Fit-out Stage)	(Post Mall Opening Stage)
Phoenix Market City (Kurla, Mumbai)										
Future Group	4	2	2	2	4	5	5	4	4	4
Titan, Fastrack, Helios	1	2	2	2	3	4	2	2	2	2
KFC	2	2	2	2	5	4	3			
S&A retailer (undisclosed)	2	2	2	3	4	3	4	3	5	4
Phoenix Market City (Bangalore)										
Future Group	3	2	3	2	3	3	3			
Titan, Fastrack, Helios, Tanishq	2	2	2	2	2	2	2			
Marks & Spencer	1	1	1	2	4	4	3	2	2	2
New U	2	1	1	3	5	5	4	2	2	3
S&A retailer (undisclosed)	2	1	2	4	4	5	5			
Phoenix Market City (Pune)										
Future Group	2	2	3	3	2	3	3	3	3	4
Titan, Helios	2	2	2	2	2	2	2	2	2	2
Marks & Spencer	2	2	2	2	4	2	2	2	2	2
New U	2	1	2	2	Not operational	3	3	3	2	Not operational



Beauty And The Mall

salon, spa & malls: **the relationship of mutual benefit**

Spas and salons in malls benefit from high footfalls and impulsive spending of mall customers. For the mall, this means giving its customers a full package and coming closer to being a 'destination centre'. How is the relationship going between salon and spa owners looking for spaces in malls, and the real estate developers who are keen to attract the salon and spas into their properties?



Picture courtesy: Shutterstock

Talking of the mutually beneficial relationship, India Salon Pro & Beauty Market India hosted a discussion around how salon and spa owners and mall developers can enhance this relationship and meet each other's expectations.

One big change

Reflecting on one big change that is seen over a decade in the beauty and wellness industry, Rahul Bhalchandra, CEO and founder, YLG Salon and Spa said, "The biggest change in this industry is that the customer is a lot more willing to go to the salons rather than what it was 10 years ago. And women don't feel guilty about going to the salon any more, at least in the

urban scenario it has completely vanished. Even in the tier II cities like Nagpur and Aurangabad, we are seeing significant changes."

Are local players upgrading the services and are there salon and spa chains emerging like multiplexes?

"In our business it is the other way round. Most people feel that the single-owner salons are better to go to because the owner is sitting there and will pay me

attention as he or she knows me. Chain is a more difficult format to crack from the owner's point of view. Here scale is very difficult, not many people crack it and we are among those who hope to crack it and have not seen any significant change." said Bhalchandra.

From his experience of running the Enrich Salon chain, director Vikram Bhatt, responded, "There was a phenomenon of following a

REGIONAL RETAILERS MEET NATIONAL RETAIL SPACE DEVELOPERS

Regional retailers face a constant impasse in gaining recognition and being able to market themselves for prime space in the malls of leading national real estate developers, while the developers are hard-pressed to understand the needs of the smaller retailer. EIRS served as a meeting ground for the regional retailers and national retail space developers to discuss the dynamics of mall management and retail space management.



Picture courtesy: Shutterstock

In this session about retail mall spaces, the regional retailers discussed their concerns with national mall developers.

Role of regional retailer in organised retail scenario

"First and foremost, regional retailers help to bring a connect with the local community," said Rajneesh Mahajan, VP, Leasing, Inorbit. "Customers you cater to, have grown up seeing these brands. So, their comfort encourages an instant customer connect with the mall. So, even if they take time to connect to international and national brands, they can come and shop from their local retail brands."

Ambience has two large format malls in Delhi-NCR. Commenting on the malls' equation with the regional retailers, and their percentage as compared to national brands, Deepti Goel, VP, retail at

Ambience, said, "Our first mall was in Gurgaon, and Gurgaon is an aspirational market – all the international and national brands were either there or were willing to enter Gurgaon. But regional retailers were in dilemma whether to enter the mall or not; and before entering the mall, they also wanted to be sure that the mall is successful or not. But right now we have a very comfortable ratio of regional and national brands. But at Vasant Kunj, which is more of an upmarket and posh place, the paradox of having less regional or local penetration is there."

Ketan Sanghvi, mall mechanic & VP leasing, Beyond Squarefeet talked about their mall with seven lakh GLA. "We had to start leasing it from the scratch. Other than food court and entertainment, we thought that another USP

can be inviting local and regional players, and 50 per cent of our mall went to regional players. It gives freshness and novelty to the mall. For example, the first Jute Shop, Nirula's and Beer Cafe in Mumbai are coming to us, this gives differentiation to the mall."

Considering that there is a mid-sized mall in a tier II or III city, then how much area in a mall should be allocated to regional players? According to Dheeraj Dogra, national director, retail, BNP Paribas, "It will differ from place to place depending on the aspirational value of the market. But as a thumb rule, it will be good if 15-20 per cent of retailers in a mall are regional. When I did Express Avenue in Chennai, we had an entire zone over there called as Chennai Bazaar, where we picked up best of the best of local retailers and gave it

a form of a Bazaar. Local retailers also want to grow big and turn into modern retailers, so it is the responsibility of a developer also to encourage them and nurture them."

Regional retailers' viewpoint

Sharing about the journey and experience when Manyavar as a regional brand was expanding nationally, Mohit Tikmany, CEO, Manyavar, said, "Our journey has been entirely opposite. Our presence in East was very minimal and we used to supply to the MBOs. At the time when we were growing, places like Siliguri did not have much retail real estate developments, so the only option used to be high streets and at that time we did not have the courage to open stores on high streets. So, malls made sense for us that's why

Cutting Edge 'Shoppertainment' Guaranteed!

The demand for superior shopping experience goes parallel with superior mall management, inclusive of appropriate maintenance of retail space using the latest technology, trained manpower, standard operating practices and schedules

By Santosh Pandey

Shopping malls have become a central part of life not just in urban India but even in the small towns of the country. We are experiencing a retail revolution of a kind with malls and shopping centres mushrooming in large numbers even in tier II and tier III cities.

The concept of 'shopping malls' came to India a little late. The first Indian shopping mall – Spencer Plaza – was built in Chennai in 1990. Almost a decade later, in 1999, two more malls – Ansal Plaza in Delhi and Crossroads in Mumbai – became operational.

Ever since, especially during the last decade, there has been a sudden spurt in the availability of mall space in India.

Rising competition and more number of visitors have prompted mall developers to focus on core competencies and accurately researched offerings to target customers. This is where the concept of 'mall management' comes in. At a time, when FDI in retail could be a possibility, in fact, mall management becomes even more imperative.

Mall management is a well formulated concept in developed

countries that are more matured markets. In India, however, the concept has started picking up perhaps only in the last five to seven years.

People are attracted to malls because of the availability of variety of services, exposure to brands, promotional offers and discounts – all available under one roof. The comfort of shopping in air-conditioned and good ambience as well as access to a variety of food options are added incentives to visitors.

Mall management – a holistic approach

In India, mall management is more like a mix of the functions: property and asset management. There is a property on which a mall is built, retailers are called in who establish their shops and then the asset is maintained.

Mall management largely encompasses several activities that go into the maintenance of the mall. This covers facilities management functions, operation management, marketing management, accounts management and customer service. It is basically a combination of services that factor in people,

place, processes and technology in a particular building. Professional mall management results in the best possible utilisation of resources available.

Mall management begins with taking care of issues like positioning, tenant mix, infrastructure facilities, the kind of environment required and finance management which is the most crucial part of all. It also takes care of issues like positioning, zoning that include tenant mix and placement within mall, promotions and marketing.

The demand for superior shopping experience goes parallel with superior mall management

which is inclusive of appropriate maintenance of retail space using the latest technology, trained manpower, standard operating practices and schedules.

Customer service is also an important function of mall management. Customers are not only mall visitors but also retailers who have bought space in the mall. A mall has to keep these internal as well external customers happy through various activities.

Generally there are two types of consumers who visit malls – focused buyers and impulse buyers. Mall management activities are designed from the perspective of both these buyers.



Picture courtesy: Shutterstock

Sports Express!



Playing the venue for the U-21 Squash World Cup, Chennai's Express Avenue mall has become the first mall in India to host a sporting event at international level. The mall was also the venue for the first Squash World Cup in India last year.

Squash is a high speed racquet sport played by two players (or four players on court at a time in a doubles match) in a four-walled court with a small, hollow rubber ball. Since the game is not as popular as cricket, hockey or football, the idea to organise the World Cup in the mall was conceived by Squash Rackets Federation of India (SRFI) on behalf of World Squash Federation (WSF) and Express Avenue mall.

The match took place on three days in the first week of February. Players from all over the world including Australia, Belgium, Ecuador, Egypt, England, France, Germany, Hong Kong, India, Kenya, Malaysia and Sri Lanka, participated in the event. Egypt won the title while India emerged as the runner-up.

The event was organised with an investment of around ₹85 lakh and resulted in an increase of

approximately 15 per cent in the sales, revenue and footfall of the mall. Ganesh CV, GM – marketing and leasing, Express Avenue, said, “ We had to benchmark the event to give it a sensible tune with the viewers who are willing to see such games in the indoor set-ups and to make it appealing to the viewers. The other important factor was to ensure that the set up of the game fits into the central atrium of the mall as per the specifications such

IMAGES Fashion Awards 2012

Titan Industries bagged the 'Most Admired Fashion Company of the Year' award at the recently held IMAGES Fashion Awards. The awards ceremony was part of the three-day India Fashion Forum (IFF) held in Mumbai.



Most Admired Jewellery Brand of the Year
Awardee: **Tanishq**
Other finalists: **Asmi, Gili**

Most Admired Men's Westernwear Brand of the Year
Awardee: **Louis Philippe**
Other finalists: **Benetton, Indigo Nation, Jack & Jones, Marks & Spencer, Park Avenue, Tommy Hilfiger, Turtle**

Most Admired Women's Westernwear Brand of the Year
Awardee: **Vero Moda**
Other finalists: **Allen Solly Woman, Benetton, Jealous21, Madame, Marks & Spencer, Park Avenue, Tommy Hilfiger, Van Heusen Woman**

Most Admired Kidswear Brand of the Year
Awardee: **Benetton**
Other finalists: **Catmoss, Gini & Jony, Tommy Childrenswear**

Most Admired Sportswear Brand of the Year:
Awardee: **Tommy Hilfiger**
Other finalists: **Lee, Parx, Puma**

Most Admired Men's Indianwear Brand of the Year:
Awardee: **Manyavar**
Other finalists: **Denis Parkar, Prapti**

Most Admired Women's Indianwear Brand of the Year
Awardee: **Biba**
Other finalists: **Chhabra555, Fida, Prapti, W**

Most Admired Innerwear Brand of the Year
Awardee: **La Senza**
Other finalists: **Amante, Crusoe, Rupa, Triumph**

Most Admired Fashion Brand Launch of the Year
Awardee: **Mossimo**
Other finalists: **Avirate, Cotstyle Polo, Manchester United, Marigold Watches**

Most Admired Private Label Fashion Retailer of the Year
Awardee: **Pantaloons**
Other finalists: **Globus, Megamart, Reliance Trends**

Most Admired Regional Retailer of The Year (North)
Awardee: **Kapsons**
Other finalists: **Chunmun, Yougal Sons**

Most Admired Regional Retailer of the Year (East)
Awardee: **Sohum Shoppe**
Other finalists: **Big Shop, Stile**

Most Admired Regional Retailer of the Year (West)
Awardee: **Jade Blue**
Other finalists: **Bluez, Cyclone**

Most Admired Regional Retailer of the Year (South)
Awardee: **Naidu Hall**
Other finalists: **Kalamandir, RMKV Silks**

Most Admired Value Fashion Retailer of the Year
Awardee: **Megamart**
Other finalists: **Brand Factory, V Mart**

Most Admired Fashion Retail Destination of the Year
Awardee: **Lifestyle**
Other finalists: **Central, Globus, Maya, Reliance Trends, Shoppers Stop**

Most Admired Fashion Company of the Year
Awardee: **Titan industries**
Other finalists: **Arvind Brands Ltd, Benetton India, Bestseller Group, Gitanjali Group, Madura Fashion and Lifestyle**

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