

EVOLUTION OF MALLS IN INDIA

THE MALL INDUSTRY IS GOING THROUGH A CHANGE TODAY; NOWADAYS IT IS THE FOOD AND ENTERTAINMENT SECTOR THAT DRIVES RETAIL AND NOT THE OTHER WAY AROUND. UNFORTUNATELY WITH THIS CHANGE MALL DEVELOPERS ARE FACING ISSUES WITH THE RETAIL INDUSTRY, AND WITH INTERNATIONAL RETAILERS BEING HIGHLY DEMANDING AND EXTREMELY DIFFICULT TO SIGN ON BOARD, BUILDERS FACE A NEW CHALLENGE IN MANAGING INDIVIDUAL RETAIL NEEDS. HENCE, THE TIME SPENT IN ALLOCATING RETAILERS AND MEETING WITH EACH OF THEIR INDIVIDUALISTIC DEMANDS COSTS MORE THAN THE EARNING ITSELF.

THIS IS WHERE MALL MANAGEMENT COMPANIES LIKE "LEGEND GROUP" ENTER THE ARENA AND TAKE CHARGE BY PLAYING THE ROLE OF AN INTERFACE. THE LEGEND GROUP PROVIDES TURNKEY SOLUTIONS TO MALL DEVELOPERS BY GETTING RETAILERS, MANAGING INDIVIDUALISTIC DEMANDS AS WELL AS CREATING THEMES FOR THE MALL IN ORDER TO GENERATE FOOTFALL. THIS WORKS AS A WIN-WIN SITUATION WITHOUT THE MALL DEVELOPERS HAVING TO LOSE THEIR SLEEP OVER RETAIL MANAGEMENT AND PLANNING ISSUES.

HISTORY OF MALLS

Malls are not a new concept. The mall culture dates back to the early 1800s. However, before that, market places have been around for nearly 2 millennia (Trajan's Market Rome). The concept of the modern mall was developed along the design element of having a large number of shops and eateries under one single roof. The Oxford covered market at Oxford, England and Galleria Vittorio Emanuele II in Milan Italy are fine examples of early mall cultures. America took up the mall culture at the turn of the 20th century. The concept of giant malls gained prominence in the United States in the 1950s. In the 1980s these giant complexes were not just shopping centres any more, but also vast entertainment complexes where food courts, specialty restaurants as well as mini theme parks were integrated under one roof.

India was a late entrant when it came to the mall culture. With the exception of Spencer Plaza, Chennai, the mall culture in India took off only after the year 2000. The mini malls of the 90's finally gave way to the modern mall. With areas in excess of 150000 sq ft the modern mall culture had finally arrived in India.

The craze for malls in India was tremendous, as all of a sudden they made a whole lot of commercial sense. In the late 90s well heeled Indians were seen going to Singapore to

shop regularly, as Orchard Road, Singapore had more malls than the whole of India. The Indians starved of malls till as late as 2003, went on a rampage. Malls started opening everywhere. From NCR to Mumbai and Bangalore, malls were the order of the day. Families would make weekend outings at the malls. Mall hopping too became popular especially in the millennium city of Gurgaon, where a concept of Orchard Road, Singapore was conceptualized by large construction and real estate companies. There was finally the idea and possibility of a mall mile for the first time in India.

Indians had it all finally. One was not jealous of his cousin from New Jersey back in the US. Indians could finally show off most international brands, nestled in posh air conditioned environs, to their expat relatives. Italian marble floors with mechanized floor sweeping apparatus were now standard in most malls, reminding expats of their home countries. India finally did not look like a poor country any more. With access to international clothing brands, the mall population began to look international. In places like New Delhi, winter fashion has come at par with fashion capitals. Food courts now were buzzing, giving stiff competition to the local dhabas. This drastic change in just a couple of years had now changed the urban landscape of India. Indians were now proud, bold and mall hungry. Retail spending had shot up significantly with

the combined effort from finance companies tying up with consumer durable brands housed in large platform stores situated in the newly commissioned malls. Cars, TVs, home electronics, fashion garments were all retailed adjacent to each other, prompting instant spending frenzy by mall crazy Indians. It was economic boom time.

In the last five years however a lot has changed.

EVOLUTION OF MALLS FROM SHOPPING HUBS TO GOURMET DESTINATIONS

Earlier, when a couple made a stopover at the mall over a weekend, it was primarily for shopping with a respite in the middle at that nice Japanese restaurant in the corner. Today, it is the other way around. It is not as if women have stopped shopping but when a couple visits the mall, it is with the foremost intent of first enjoying a good meal at the Japanese restaurant. This is then followed by the guy going to the bowling alley and the girl going to check on that one dress she liked, which she saw in a store located on the way to the restaurant.

The idea is, today it's the food and entertainment that drives the retail and not the other way around. Today, people get out for enjoying the weekend and maybe shop a little if required. Malls are evolving; food courts and multiplexes are no more supporting

elements of the retails but the main elements of the mall itself.

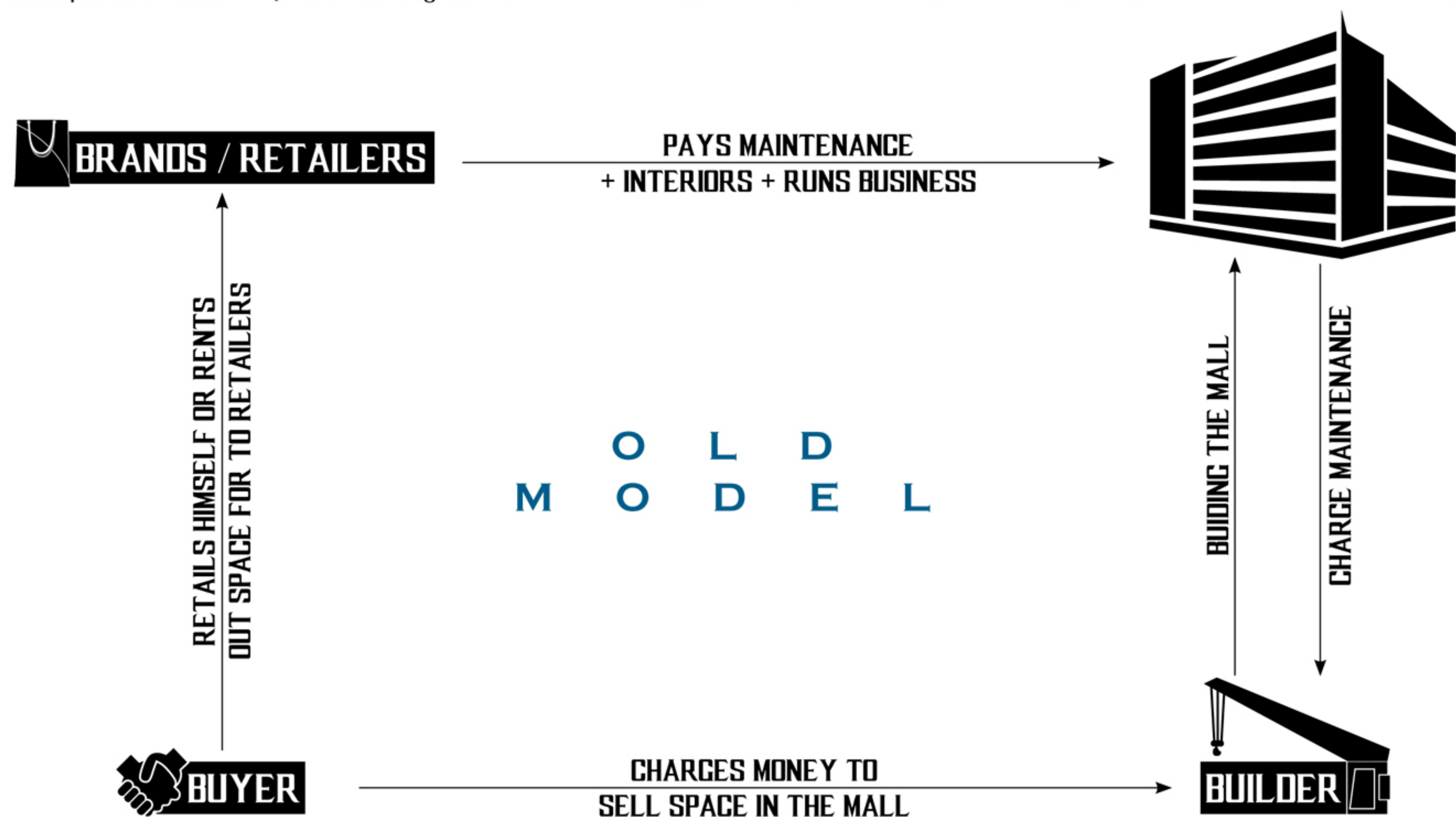
INDIANS BY NATURE ARE FOODIES

This makes it practical for malls to open more specialty restaurants to boost their revenues. Several retail outlets in malls have now been converted into restaurants. These restaurants today are generating a lot more profit than say a consumer durable store. This makes it easier for the tenant to pay the high rentals that are natural in case of a plush shopping mall because of increased infrastructural costs. Wide dining options in all price categories are today the reason for increased footfalls. Flea markets in malls are now the trend, attracting a wider economic audience, who come for reasonable shopping combined with dining for the entire family. This has in fact increased the footfalls of the malls. India is a populated country with a 300 million plus middle class. This is nearly at par with the entire population of America. So this means a lot more restaurants are a profitable proposition.

Now a days the urban population is upwardly mobile. This is the age for multi specialty gourmet restaurants. With a variety of gourmet cuisine the customer is truly spoilt for choice. Gourmet restaurants can now be situated in the plushness of a mall instead of some alley in a crowded market. Thus a Gourmet Hub is the solution to all such problems.

GOURMET HUB

Gourmet Hub is the brain child of entrepreneur Taarun V. Jain of the Legend



- (A) THE MIX OF RETAILERS IS WRONG. (SOME RETAILERS IS SELLING HI- END FASHION / SOME RETAILERS ARE SELLING STREET FASHION).
- (B) COLLECTION OF MONTHLY RENTALS ARE DIFFICULT & TENANT DISPUTE OCCUR REGULARLY. (BUYER HAS TO SPEND TIME & MONEY MANAGING AN INVESTMENT).
- (C) DUE TO INACTIVITY SOMETIMES SHOPS GO VACANT FOR MONTHS TOGETHER, YET BUYER HAS TO PAY HEAVY MAINTAINENCE TO BUILDERS



CONVENTIONAL MODELS OF MALLS USED TO WORK ON 90% RETAIL AND 10% FOOD AND ENTERTAINMENT & EVENTUALLY DYING OF LOW FOOTFALL.

SO, TODAY ACCORDING TO SCENARIO WE WORK ON 75% FOOD, 15% ENTERTAINMENT AND 10% RETAIL, DRIVING HUGE CONTINUOUS FOOTFALLS AND KEEP MALL SHOP OCCUPANTS HAPPY, AS WELL DRIVE GOOD REVENUE FOR DEVELOPERS AND SHOP OWNERS.

THE BEST PART IS THAT WE ALREADY HAVE THE RETAILER AND THE RESTAURANT OWNERS INVOLVED & SIGNED, SO CREATING THE PERFECT MIX AND IMPLEMENTING THINGS TAKE VERY LITTLE TIME.

TAARUN . V. JAIN
MD, LEGEND GROUP

Continental and Fine Dine eateries with an average dining cost of approx Rs. 2500 per person, and retail brands like Prada, Dolce & Gabbana etc.

The Legend Group set out 2 years ago to create a group of approx 300 restaurateurs and 200 retailers to come on board to create this concept. Today the Legend Group has collectively signed all major brands and has created strategic themes all across the country. So, let's say if a builder has a mall in Noida, they can contact Legend Group who will do a turnkey solution and establish the complete mall with the perfect retail food and entertainment mix.

With approximately 5 Locations already signed in Delhi and ready to launch, the Legend Group wishes to create about 50 Gourmet Hub Destinations in North India itself.

THE VISION OF LEGEND GROUP

Taarun.V. Jain of Legend Group has modelled a successful business venture. It is a concept that can be implemented today by any builder or construction company that looks

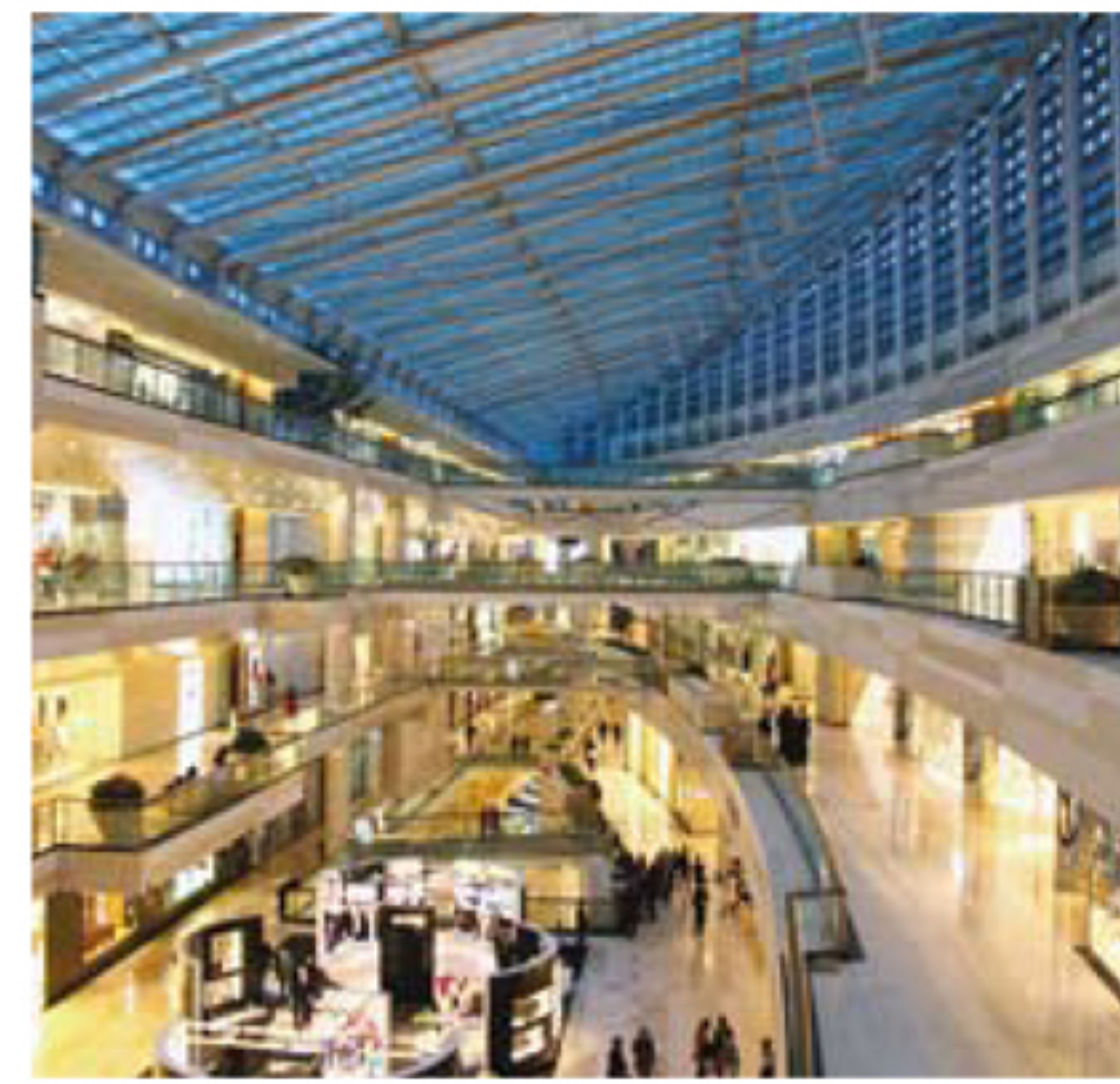
to optimize its profits after commissioning a mall or a large retail space.

The Gourmet Hub is a turnkey solution by which a builder can convert the fallow space of their new/old mall into a mega profit making venture. With a multitude of solutions, Legend Group acts as the perfect bridge between the retailer and the mall owner.

As a builder it can be a tedious task to get together a cartel of over 200 restaurateurs and retailers or for that matter manage with all their demands or even collect regular rent from all, especially in these times of unsure profits owing to lower footfalls in pure retail malls.

So, if a builder signs with Legend Group, they provide the mall owner with the right retail mix. This would mean the exact mix between high end retail brands and budget brands combined with the right mix of fine dining restaurants and simple fast-food joints.

The Legend Group works on a very clear cut strategy of recognizing the potential of the market, based on the surrounding locality and



"IT GIVES ME A LOT OF CONFIDENCE TO WORK IN A ENVIRONMENT LIKE GOURMET HUB SINCE THEIR BUSINESS PLANS IS SOLELY BASED ON ENSURING FOOTFALLS IN THEIR AREA ENABLING US THE RESTAURANTEURS TO CONCENTRATE ON OUR CONCEPTS & OPERATIONS RATHER THAN MARKETING OUR PLACE TO THE OUTSIDE WORLD."

MR. SAMEER MADAN
THE SILENT KNIGHT & MUSCLE BEHIND MANY PATH BREAKING F&B & HOSPITALITY PROJECTS LIKE FARZI CAFE, SKOOTER & MANY MORE.



GOURMET HUB IS A TURNKEY SOLUTION BY WHICH A BUILDER CAN CONVERT THE FALLOW SPACE OF THEIR NEW/OLD MALL INTO A MEGA PROFIT MAKING VENTURE.

TAARUN . V. JAIN
MD, LEGEND GROUP

income profile. This can be seen in cities like Delhi NCR region where traditional areas like North Delhi would have a higher clientele for Mughlai, Indian or Punjabi cuisine compared to say areas like South Delhi where people are ready to experiment with Mexican, Lebanese or even Japanese cuisine.

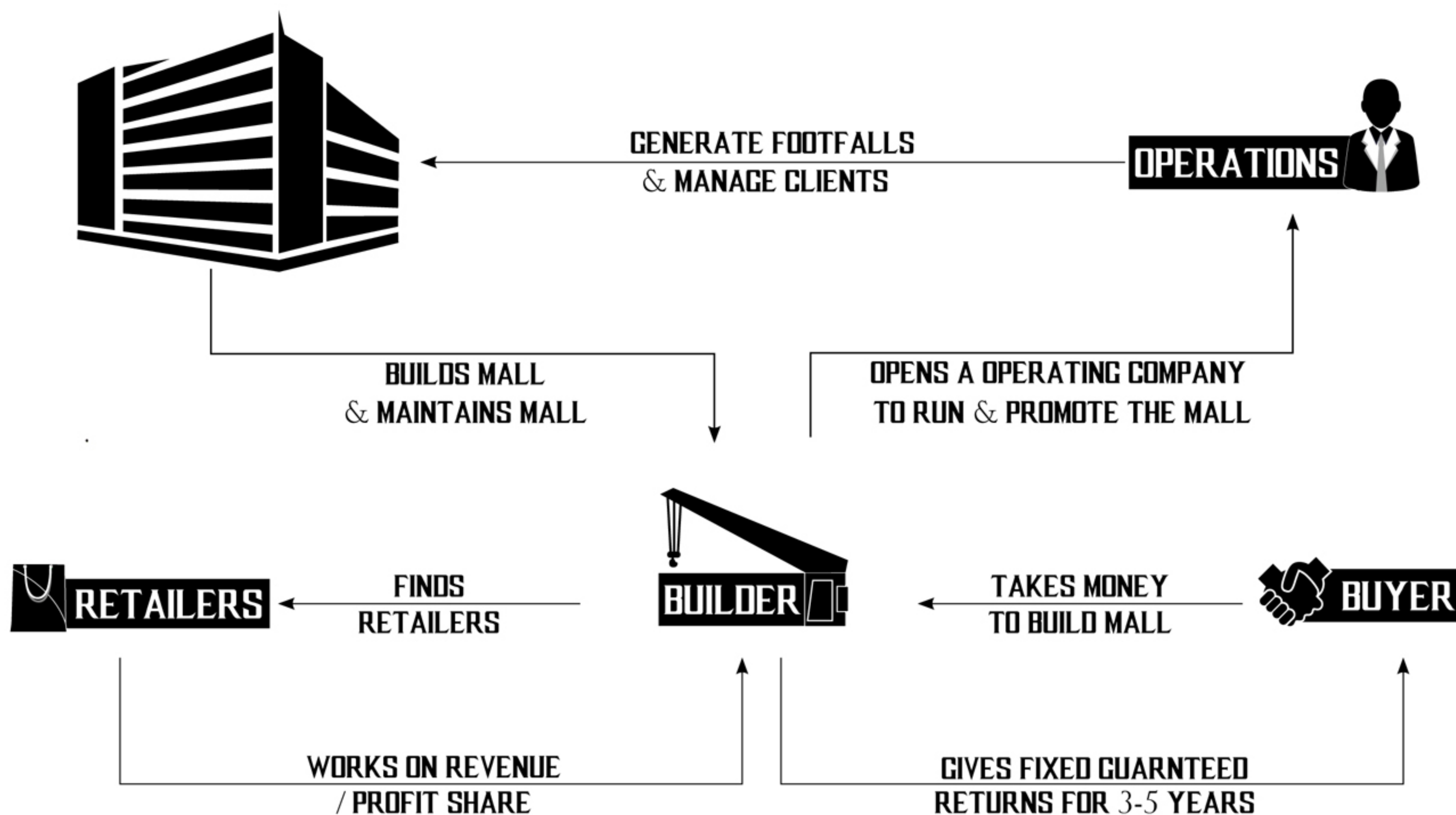
The Gourmet Hub will basically be an "all in all mall" concept where all elements of fine dining and entertainment would have been amalgamated perfectly, with more focus on attracting the gastronomes through their varied array of eateries. The gourmet hub would comprise of everything from multi cuisine restaurants like ethnic Indian, American, Japanese, Lebanese, Mexican, Italian, Thai, Spanish, Chinese, Oceanic, Continental, Asian, African and world dining. Whether it is a food court or health food mart, this venture will give deep thought to every fine detail. Authentic international cuisine mixed with a fine environment is a natural recipe for success.

GOURMET HUB'S MARKETING CONCEPT

Today, each mall has to spend tons of money in marketing its own self. Retailers today expect that the builder/mall owner will market the place to draw footfalls. Marketing is an expensive tool and can cause serious



CURRENT MODEL



- (A) BUILDER HAS TO FIND THE CORRECT RETAILERS & GENERATE HEAVY FOOTFALL PLUS THE FOOTFALL SHOULD BE OF THE RIGHT KIND OF CLIENTS TO GENERATE REVENUE. (DUE TO BUILDERS INEXPERIENCE IN THIS FIELD, THIS MODEL GENERALLY FAILS).
- (B) RETAILERS SPEND MONEY ON INTERIORS / MAINTENANCE - IF OPERATIONS AND FOOTFALL ARE NOT FRIENDLY DON'T IMPROVE, THE RETAILER EVENTUALLY CLOSES THE SHOP.
- (C) BUYERS GET GOOD RETURNS ONLY IF RETAILERS ARE ABLE TO SUSTAIN OR BUILDER IS ABLE TO FIND ENOUGH RETAILERS TO KEEP THE MALL RUNNING. IF NOT BUILDER AFTER 3 YEARS HANDS OVER POSSESSION & THE BUYER HAS TO GO BACK TO THE OLD RENTAL MODEL.
- (D) MALL LIFE IS ONLY 4 - 6 YEARS, AFTER THAT IT BECOMES A INACTIVE MALL WITHOUT FOOTFALL, WITHOUT GOOD BRANDS & RETAILERS



Group, who has nearly 15 years of experience in the retail real estate. Taarun could see the changing habits and trends of regular shoppers and being in the real estate sector his whole life, estimated the downturn of the on-foot retail shopping in India.

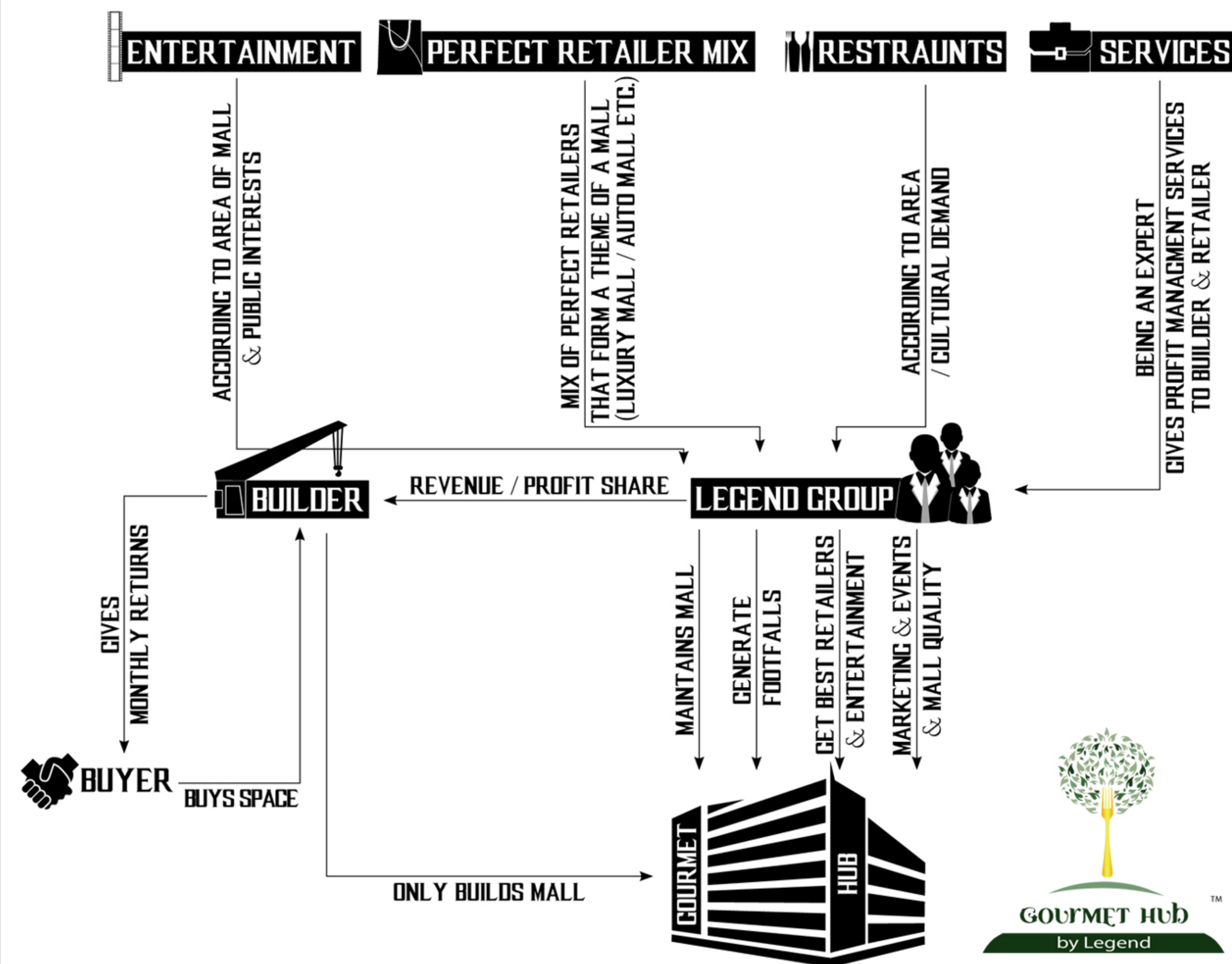
Thus, came the idea of Gourmet Hub, a mall business concept that would drive itself by creating a channel of unique restaurateurs and retailers as well as combining this channel with appropriate and strategic locations, for making maximum impact and profits.

WHY A COMBINATION CONCEPT IS NEEDED?

Gourmet Hub is going to be a chain of malls that will be opened all over India - a chain that will comprise the perfect restaurant, retailer and entertainment mix. For e.g., if one Gourmet Hub opens in North Delhi, their restaurant mix would be more inclined to the Mughlai, Chinese, and Italian cuisine with an average dining cost of approx Rs. 1000 per person; and retail options like Zara, Levis, Bossini etc.

On the other hand if the second Gourmet Hub opens 20 km ahead in South Delhi, it might have a mix of Japanese, Mexican, IndoWestern,

NEW MODEL



liquidity issues. Gourmet Hub being a concept mall in various locations will be marketed as one entity. Hence all the Gourmet Hub Malls all across the town can be marketed together, i.e. a combined marketing platform where all the malls will be advertised together with the marketing cost shared between all.

Gourmet Hub will thus be much more than a basic mall. It will be a vision in itself. Furthermore, footfalls will be generated by various events like Gourmet Week, Wine Tasting Week as well as events that will get the elite to celebrate with their family. Gourmet

hub is geared to be an ultimate lifestyle destination that is going to go a long way in revolutionizing the concept of malls in India by making food, retail and entertainment an integral part of each other.

BENEFITS TO THE BUILDER

Today, a builder spends approx 2-3 years in completing the mall as well as tons of money in allocating the retailers. With retail not being their core business, the builder/mall owner at time faces huge issues in creating the perfect mix, contacting the right company, forming the perfect contract, solving numerous issues and compromising to make an ideal relationship.

Most of the time, the builder spends months in activating a mall, and even after everything faces issues in maintenance and rental collection, which leads to frustration. In short, business and time loss is greater than business gained.

Hence keeping all these points in mind, Gourmet Hub is the one stop solution that not only makes life easier for people on both ends of the business but also contributes to a profitable venture that generates footfalls and vice versa - keeping the mall culture alive and kicking. ♦

