

Challenges and Prospect of Business Management in Delhi Malls and Organised Retailers Within

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Abstract

26th year of liberalisation, India has seen drastic changes in various areas and one such sector is the retail. Indians love shopping. Shopping on streets; in an unorganised space, but after a paradigm shift in shopping sector a transformation came in the marketing perspective. This shift in retail sector came after real estate spiked. Many real estate companies started building malls and created a one stop shop for the shoppers, i.e. Malls. This one stop shop gave comfort, diversity, luxury, entertainment and convenience to its buyers.

Many of us find the concept of malls, shopping and entertainment place to be new, but the fact is malls concept begin around 100 century. In India the growth of the malls happened rapidly in early 2000. But, today the scenario is right opposite. Malls have become liability and many have even closed. This is because of the various reasons and the critical amongst all is because of the wrong handling of mall's business by its management that led to losses.

Knowing the current situations and the challenges of the Delhi malls, it is important to explore what prospects the malls organisation have done especially after the slowdown. Paper will contain studies and proposals other research firms proposed for the betterment of Delhi malls. This paper being a secondary study will focus on framework, questions and options as what marketing strategies can be of better prospect for Delhi's malls business management and for the organised retailers within.

Keywords

Liberalisation, Paradigm Shift, Malls, Real estate, Business Management.

Introduction

“We used to build civilization. Now we build shopping malls. – Bill Bryson”
(The quote garden, 2016).

It's going to be two decades for the culture of malls shopping being in India. The first ever mall was the “Ansal Plaza” Mall in Delhi. Along this there came two more malls in Mumbai and Chennai. The scenario remained same till 2003. But post 2003, the malls culture started multiplying in various big and small cities of India. And after the next five years, the retail real estate came up with a huge synergy. The situation was such that within a particular area there used to be more than two malls and every mall was built with unique designs.

Till 2007-08 the shopping pattern in malls became crazy in people and the reason for this was, malls management was able to bring foreign brands in their malls. With the presence of international brands and with many attractions that were demonstrated in the mall, its management tried giving the best of environment to the people so that maximum footfall can be achieved. But this half a decade growth (early 2000s) soon got shattered by the 2008's recession. This recession hit gave the malls and its management such a tremor that till date they haven't been able to recover. The recession hit turned out a massive loss for malls businesses (Your Retail Coach, 2016). The brands onto which malls used to bank upon; started withdrawing their presence from the mall. This could be related to the unclear study of the massive project i.e. malls without understanding the demographic, region-graphic and psycho-graphic study of the area where the malls were built. Such a situation lead to closure of many malls and many even changed their business model gradually. This means the actual purpose of the malls failed and the ways of sustaining is only left to cover over the years losses (Your Retail Coach, 2016).

At present, the malls managers are striving and putting extra efforts to maintain entire building, infrastructure which includes the services, utilities and attractions to encourage customers to visit the mall. When we look at the malls management internationally, we find few unorganised markets and more of organised markets. The reason of malls being famous overseas is because the malls management plays a significant important role which broadly includes malls positioning, zoning, tenant, mix, promotion/marketing and facility/finance management (Your Retail Coach, 2016). However, many of the points which are valued by international malls managements are missing in Indian malls management. It has also been seen that the kind of footfall seen in international malls it's missing in Delhi based malls.

Though businesses in today's networked world including India is challenging. So, being in malls business, to understand the major challenges and the prospects how to build the business better for Delhi based malls and the organised retailers within, product life cycle (PLC) will be used to understand the pattern over the years, which section of BCG matrix the Delhi based malls business stand now. Also will the growth strategy matrix will help the present existing business of Delhi malls or not. These frameworks and further secondary studies will be backed by few set of questions to justify the challenges and prospects of Delhi malls.

Literature Review

India's retail growth is largely driven by the increase disposable income, favourable demographics, changing lifestyles, growth of middle class and high penetration into urban and rural markets (Prof. Parekh, 2011).

The organised retail section within Delhi malls underwent lot many changes after 2008. These changes cannot be concluded as positive for all the malls of Delhi. Reason being, because of global recession many shoppers stopped spending high, the globally the cost of real estate increased and with the sudden rise of cost of retail stores in malls the retailers had to relook and revamp their operations which in turn lead to closing of many national and international stores and few re-negotiated on the rental plans with the malls. These and many other factors gave lots of hic-ups in the relationships of organised retailers and the real estate developers. The present scenario of organised retailers is that the industry is experiencing a steep curve where establishing and managing of space is concerned.

To understand the business management pattern of Delhi malls and organised retailers within, looking it from a product life cycle (PLC) –

The Product life cycle of Delhi malls and organised retailers within

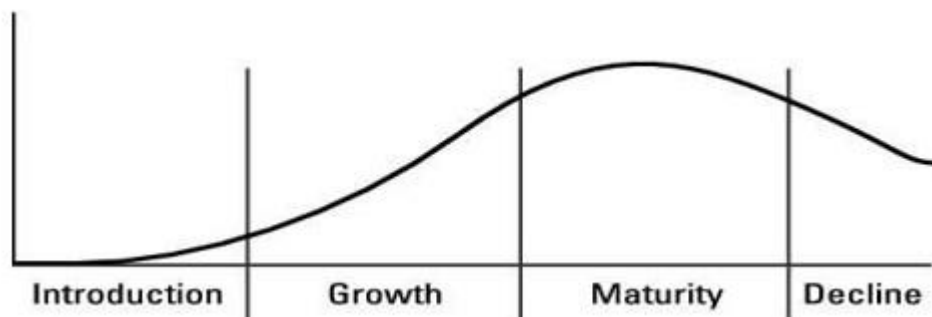


Figure 1: The product life cycle of Delhi malls and organised retailers within

Introduction of malls in India: 2001 malls came into existence. Before malls Indian retail sector was mainly unorganised with weekly bazaars or haats in selected markets. But after the entry of malls in India the country offered immense opportunity as the introductory trend to the malls. Though the beginning happened with just three malls in 2001 and the number soon grew to beyond 300 malls in India by 2007 (Kaur, 2014). The entry phase of malls were of so much influence that people when use to enter malls they use to get shopping, Food court, Game zone, movie place and many more under one roof (Kaur, 2014). This introduction phase of malls influenced shoppers as rather than shopping under sun, now they were welcomed with a huge parking space in basement and air conditioned space to shop from the scorching heat of the sun.

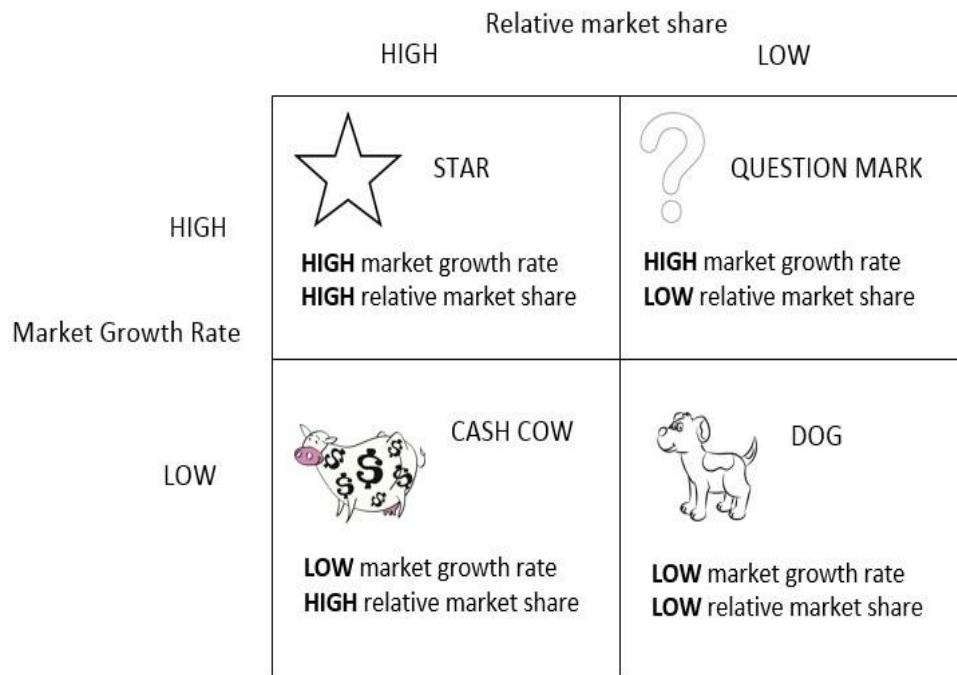
Growth of malls in India: The growing phase of malls was the years before recession, i.e. before 2008. The growth of malls took a spike and the construction of attractive malls happened immediately. The growth of malls and the retail stores within were at high competition as every mall wanted to have best of stores within (Kaur, 2014). The growth of malls eventually gave a push of the organised retail sector and the consumer could find one store in more than two malls existing in its surroundings. The existence and growth of malls were so much welcomed by the consumers that this trend changed the lifestyle of the consumers in Delhi and helped retail sector to be more organised.

Maturity of malls in India: Malls got mature, popular and also got the acceptability especially when they gave the international appeal to its customers. With the malls presence, the shopping experience eventually turned Western/European and people of Delhi liked the presence of this environment (Agarwal, 2016). The promotional offers, the attractive sales, the interiors of the stores, good music, road plays, campaigns, the malls of Delhi became place of these and many such attractions. Such features became popular amongst all ages – from kids till elders of a family loved the look and feel of malls which were near to their residences. This was also because malls were giving different cuisines options in its food court, multiplexes for entertainment and good space for various purpose like having get-together, dating or even for simple time pass.

Decline of malls in India: It came soon after the recession hit. What we actually see today is except very few malls in Delhi rest all are dead. Though few malls are operational, but they are unable to capture the right footfall. The malls are even unable to create any such attraction where people staying around the malls should visit that particular place for enjoyment. The only places in malls we see the gatherings exist are either in the movie halls if the

malls have any or in the food courts. Else most of the malls are either shut down or have transformed to banquet halls and some have lead their space to the hypermarkets to retain their malls name and to earn something rather than complete losses.

With the understanding of product life cycle over the malls, the other strategic management matrix which is used in this paper to have a generalised study of the growth share of the malls is Boston Consulting Group (BCG) matrix. The four prime categories of the BCG matrix – Star, Dog, Cow and Question mark, will help us understanding the malls position in reference of market growth and market share, hence becomes the “growth-share”.



Malls and the organised retail market was in the position of STAR i.e. quadrant 1 in the early stages before recession hit. This was the time when many international brands were willing to open their stores in chains of malls as well as in the malls which were even competing with each other. This was the time when malls were enriched with high market growth rate as well as market share. This means the malls and the retail stores within were gaining a good market growth as they have established new trend in lifestyle as well as in shopping style in the city i.e. Delhi and within the growth in country i.e. India.

The next quadrant adjacent to STAR is the QUESTION MARK. As per the product life cycle, this phase came when there was a recession phase. It was more of a confusion phase as people were spending good in market, but with the tightening conditions of malls management to the retailers within, their condition of getting stable and retainable in the malls were getting tough and tougher and their low interest of garbing the market share was increasing within the retailers of the malls.

The third quadrant is the CASH COW. This position can be seen in the present scenario with certain malls in Delhi like DLF's mall in Saket, Vasant Kunj and in NCR in Noida and in Gurgaon. These malls owe such a position that they have a high public appeal and presence which reflects the relatively high market share with the presence of few good stores with malls but there is a decline in its market growth rate, i.e. decline in the more of the expansion plan.

The last of the quadrant is DOG which signifies the low market growth rate and low relative market share. The scenario of this quadrant is something what we see today. In the present situation many of the malls are unable to make profits with their existing set of organised retailers. Management of malls are compromising on the retailers various terms and conditions to retain them at least for their presence in the mall. The ratio of earning has been highly compromised by malls so that people can at least visit and see some happenings within the venue. The scenario is such that the market growth i.e. the footfall in reference to shopping in malls is now either shifting to online shopping portals or to the old unorganised market. More over the market share is depleting heavily as malls are investing heavy and are also trying to create ways to attract the end customers to come and shop in malls. Else, the only reason which insists the footfall to be seen in malls is either entertainment area i.e. cinema hall or the food court in the malls.

Hence, the BCG matrix signifies that the present conditions of malls Delhi is in the quadrant of "DOG" which is not a healthy state of business. The challenges to the situation are immense but if worked properly and with right commitment and focus the re-generation of footfall and the business in malls can be rejuvenated all together in Delhi malls. (Sinha, 2015-17).

With the two frameworks following are the set of questions that get raised, like:

Question 1: With a steep decline phase of malls as per PLC and the quadrant of DOG as per BCG matrix can there be any way that the malls can over cover their challenges and regain the better business prospects? If Yes, than how?

Question 2: How can the Delhi's mall management can play strategic role to build better businesses for the malls?

Question 3: How the lost charm of organised retailers (Challenge) within the malls can be re-built (Prospects) for the betterment of Delhi malls?

Research Methodology

Research methodology outlines the research strategy, the research method, the research approach, data collection process and the advantage and limitation of the research of the paper.

Research Strategy: The project is based on secondary search. So the strategy that is used to cover the research study of the paper is the **descriptive research**. The reason of using this research strategy is to understand the characteristics of the malls management, what challenges got created for or by the mall management which lead to losses of malls business and the losing up of businesses from the organised retailers in malls. Further in the chapter of the Analysis, will also look for the prospects as what better the Delhi's malls management can do to have improvement on the footfall and also on its organised retailers.

Research Method: The research paper is secondary and descriptive. As the paper is to understand the trend of the Delhi's malls management over the years and to find how the mall management engaged with the organised retailers of their mall and the end customers, **Qualitative research method** will be used to come to a specific conclusion (Creswell, 2002).

Data Collection Process: The collection of information for the paper will be through various secondary sources like internet, magazines, news paper researches, scholarly books and articles and other research papers on the similar topic if any is available online (Dale, Arber and Proctor, 1998).

Data Analysis: The paper is theoretical made so the study which will be conducted from various secondary sources they will be related to the set of three questions listed in literature review chapter to find whether the questions made do the study matches the relevance of the questions or turns out to be false. This analysis will be done in the proceeding chapter of **Findings** with the context of **growth strategy matrix**.

Findings

The title of the research paper is to relate what incorrect measures were taken by Delhi's mall management that lead to fall or degradation of malls reputation, following questions were developed and the answers retrieved are as follows:

Question 1: With a steep decline phase of malls as per PLC and the quadrant of DOG as per BCG matrix can there be any way that the malls can overcome their challenges and regain the better business prospects? If yes, then how?

The above understanding of Delhi's mall's positioning from the PLC and BCG matrix stands correct. The reason being, a recent study of The Economic Times (Das, 2016) states that the malls which had the popularity at some point of time are working on a makeover to regain their lost customers. Even the Delhi's first mall, Ansal Plaza which was famous in Delhi till 2007, recently lost its anchor brand tenant "Shoppers Stop" which was there with the mall over the years. According to the JLL India report (Mail Today Bureau, 2015) the success rate of malls in India focusing on Delhi is usually dependent on the outer design of the mall, the layout plan of the mall, how and where the mall is located, and what is the brand positioning of the mall in the market. With all these factors, customers also see how well malls are able to cater need of their target segment that comes in mall for shopping.

To understand if the Delhi based malls can overcome their challenges and regain the better business prospects, it is important to understand that malls of Delhi are putting efforts and are trying to put their best foot forward to bring back the loosed charm of the malls culture in Delhi. To overcome the challenges, malls managements are now paying close attention to the smallest detailing of the business strategy, the marketing needs of the mall and the retailers within so that the activities of the Delhi malls can grab the attention of the customers (Bansal, 2009-2017). Moreover, malls management have even shifted their prime focus from retaining organised retailers in their free space to the energetic business-related property, like giving space to banks, to hyper markets like Metro, Big Bazaar, Reliance and many more, auto car dealers and many more.

With these recent initiatives it cannot be said that the decisions taken by Delhi's mall management are the best, because these work-outs are happening after a sudden dip and mall's shopping trend and with the global market scenario it is not strongly known how far these decisions will fit best for Delhi's malls businesses. But yes, the improvements are in serious consideration by the malls management.

Question 2: How can the Delhi's mall management can play strategic role to build better businesses for the malls?

When malls entered India it was the decision of malls management to bring the western shopping culture in India. The fruitful thing was, it turned out

positive and people liked the culture of shopping in malls. The result of this popularity was malls management who were the real estate companies in India started growing the concept from Delhi to other parts of the cities covering India. But after recession things went upside down. But now, the situation has taken a large shift. After a massive slow down malls developer are now thinking strategically as to how to bring business from the infrastructure which is giving them losses over the years.

To overcome the losses and to regain benefits from their present asset malls managements are now investing on marketing strategies to capture businesses that can help the company to groom in their business as well as the occupied space of the mall helps in giving them some benefit rather than being vacant. Malls management especially Delhi's mall management are also focusing on re-making up its internal space for the companies who are ready to open their offices or shops or showrooms within malls. Malls are also expanding their common space for entertainments. Malls are giving space to multiplexes, to restaurants, to game zones, where people can at least bring their footfall for doing certain activities. With these features Delhi's mall management is even creating a diversified tenant mix within the malls like Spa's and saloons, beauty parlours, gift shops, educational centres etc to bring a variation in business and bringing range of customers footfall in the mall (Bansal, 2009-2017).

These are few of the acknowledged activities which the malls are performing to regain the business and to build businesses within and from their existing assets.

Question 3: How the lost charm of organised retailers (Challenge) within the malls can be re-built (Prospects) for the betterment of Delhi malls?

In the present situation one should not say the lost charm of organised retailers within malls cannot be re-built. The possibility is there. However, the effort and decisions are all based on Delhi's mall management. To regain the missing customers whether it is the retailer or end users malls management have to create reasons for its customers. The reason should be such that people should come and enjoy shopping and hand-over time within mall. Though it is now tough for malls to make up the understanding of EPRG (Economical, Political, Regional and Geographic) feature it is surrounded with. But to re-gain the popularity, if malls re-do this activities i.e. by collecting the information of its surrounding customer and to make-up concepts of event that can help the mall in regaining the customer relationship management, such a pattern can or may help malls to re-build its lost charm and also for the betterment of Delhi malls.

Conclusion

To conclude the raised questions and to understand and relate the concept of re-building the lost charm of Delhi malls, the best business strategy that used to understand the phenomena can be “The Ansoff Growth Matrix”.

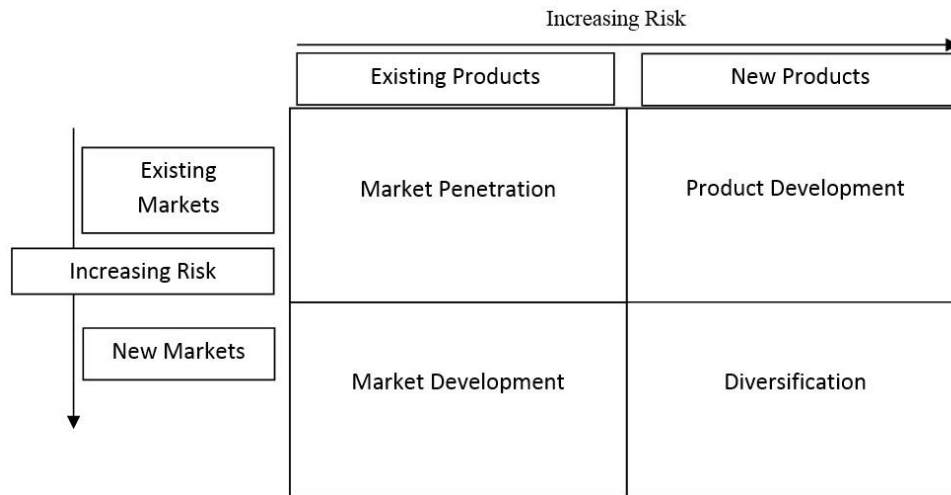


Figure 3: The Ansoff Growth Matrix

This growth strategy is a “Marketing planning model that helps a business determine its product and market strategy” (Riley, 2015). In other words this strategy can be applied to variety of business situations and helps the business to determine the right growth strategy.

The other reason to use this market strategy is to access the relative risk of the choices of the customers. In relation to the malls business to rejuvenate the existing yet missing business, it falls in the first quadrant of the growth strategy matrix, i.e. Market Penetration. This means because malls have the existing asset and infrastructure, it will be good to aim at the increase market share by the malls management. The malls management should focus on either getting the existing customers to do the re-entry or build scope for new ones to widen the range of products at the present situation. However, it is important for the malls management to understand that they should know: who all are their target customers. Malls should focus on the market trend and the product lines it will be displaying in its complex. To understand its customers, the mall management should exploit what its customers wants and what its competitors are doing and planning in the market. So, to achieve all these features, malls management should also really know is the market

is growing fast enough to give the malls that position and its growth objectives.

Hence, to the three questions for this paper, the “The Ansoff Growth Matrix” stands the apt analysis to make the paper stand correct that there are perspectives for the malls to regain its business even after a strong and tough challenging phase of time. The fact is how the management of mall plays its strategic role.

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