

**Think India.  
Think Retail.**

**2016**







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# UNLOCKING THE POTENTIAL

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## HIGHLIGHTS

At ₹1,050 bn, the MMR has the highest potential for modern retail in the country. The region offers big opportunities for retailers across all four product categories – apparel, F&B, entertainment and daily needs

Bengaluru has the highest per capita annual modern retail expenditure, at ₹16,191, across all seven urban centres, making it an ideal catchment for retail

Modern retail penetration is expected to be 50% in NCR by 2028



# INTRODUCTION

India's retail sector has been undergoing structural changes for the last two decades. Shopping malls, lined with specialty retailers, started dotting the retail markets of the country's top cities during mid-1990s. Since then, the 'mall culture' gradually pervaded the population, especially in the metros and mini-metros, heralding the beginning of the modern retail movement in India.

The pace of mall construction was moderate during the first 5-7 years and gained substantial momentum after that. The impact of the global financial crisis on the Indian economy in 2008 and 2009 checked this pace, and this trend continues today. A mall's success depends on various factors, and the number of successful malls in the metros and mini-metros is much lower than those that are underperforming. In fact, many malls have shut down in the last couple of years.

The next big wave that has changed the skyline of the retail sector in India and accelerated the presence of modern retail is e-tailing, or the sale of products and services through the Internet, telephone and television. This trend started in 2010 and has become prominent in the last three years. We believe that the modern retail segment in India will be driven by e-tailing as well as the brick-and-mortar modern retail format through an integrated approach.



## **B.S. Nagesh**

*Trust for Retailers and Retail Associates of India (TRRAIN)*

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"E-tailing is opening the doors for modern retail in Tier-II and Tier-III cities."

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Another trend that is becoming conspicuous since the last couple of years is the transformation of non-modern stores in shopping streets into modern formats. This trend is likely to gain momentum in times to come because of the prevailing consumer preference for modern amenities, such as air conditioning and formal billing systems even in shopping streets.

Presently, the modern retail penetration in India is abysmally low compared to the developed and emerging economies. While the share of modern retail is 84%, 71%, and 53% in the US, Singapore and Malaysia, it is only 19% of the value of the total retail spending in the National Capital Region, Mumbai, Kolkata, Chennai, Bengaluru, Pune and Hyderabad cumulatively. In fact, the degree of penetration in the whole of India would be even lower, since the presence of modern retail in





smaller cities and rural areas is not significant. Going forward, the share of modern retail in these top seven cities will be a quarter of the total retail spending by 2019.

Against this backdrop, this study discusses the various trends emerging in India's retail sector, followed by an estimation of the market size of the four major product categories – apparel, food and beverages (F&B), entertainment and daily needs (hypermarkets and supermarkets). We have restricted our study to the Mumbai Metropolitan Region (MMR), National Capital Region (NCR) and Bengaluru, which account for 69% of the total retail spending of the top seven cities taken together. The study ends with case studies of six successful malls selected from these cities, with the objective of highlighting the factors influencing their success.

### Structure of the report:

- PART I: Retail sector** – the emerging paradigm
- PART II: Modern retail** – market size and potential
- PART III: Successful shopping centres** – lessons learnt

### Retail product categories presented in the report

- |   |  |
|---|--|
|  <p><b>Apparel</b><br/>Ethnic<br/>Non-Ethnic</p>       |  <p><b>Food &amp; Beverages</b><br/>F&amp;B Fine Dining<br/>F&amp;B Cafes<br/>F&amp;B QSR</p> |
|  <p><b>Daily needs</b><br/>Hyper/<br/>Supermarkets</p> |  <p><b>Entertainment</b><br/>Family Entertainment Centres<br/>Multiplexes</p>                 |



## Market Size: Approach



## List of select terms used in the report:

### Modern retail stores (brick-and-mortar)

All stores in malls + stores in shopping streets that provide a purchase invoice, have air conditioning or are recognised foreign/national brands.

### Modern retail potential

Modern retail potential is the gap between total retail spending and modern retail spending.

### Shopping street

These are connected stores with a 40% or more retail and brand presence.

### CAGR

Compounded annual growth rate is the mean annual growth rate.



### Alok Tandon

CEO, Inox Leisure Limited

"The potential for growth of Indian multiplex industry is immense and we are very bullish about the development. India is a very under screened nation with 9 screens per million population, which includes single screen. We sell around 2 billion tickets and produce the largest number of movies in a year, yet the screen penetration is abysmal. INOX today has a pan India presence and it is only getting better from here."





# RETAIL SECTOR THE EMERGING PARADIGM

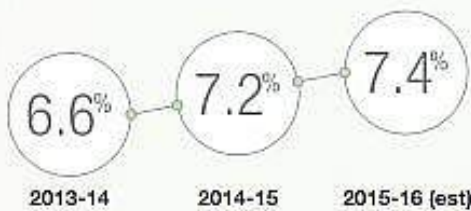


## Background

The Indian retail market witnessed an enormous change in the last few years. Evolving consumer spending patterns and increasing disposable income levels are redefining the country's retail landscape. There is ample dynamism at present, with a number of international brands entering the market. The existing brands are also working towards reinventing ways to keep up with the pace of growth in the sector. Currently, the total retail spending in the top seven retail markets of the country amounts to ₹4,172 bn (\$62 bn) and this is projected to reach ₹8,762 bn (\$132 bn) by 2020. Going forward, a substantial portion of this retail spending will continue to take place in the non-modern retail segment as well. The penetration of modern retail will also witness a substantial rise, from the current 19% to 24% in the next five years in the top seven retail markets.

India is one of the important retail markets for global retailers. Other than the fact that it one of the biggest economies of the world, its demographics also work in its favour. Mumbai, Bangalore and NCR are at the epicentre of this retail wave. The majority of the global retailers planning to enter the country are considering these three locations in the first phase. Nearly 400 international brands are already present in India; some of the recent entrants in the Indian market include Ikea, H&M, Gap, Aéropostale and Massimo Dutti.

### INDIA GDP GROWTH RATE



Source: Government of India

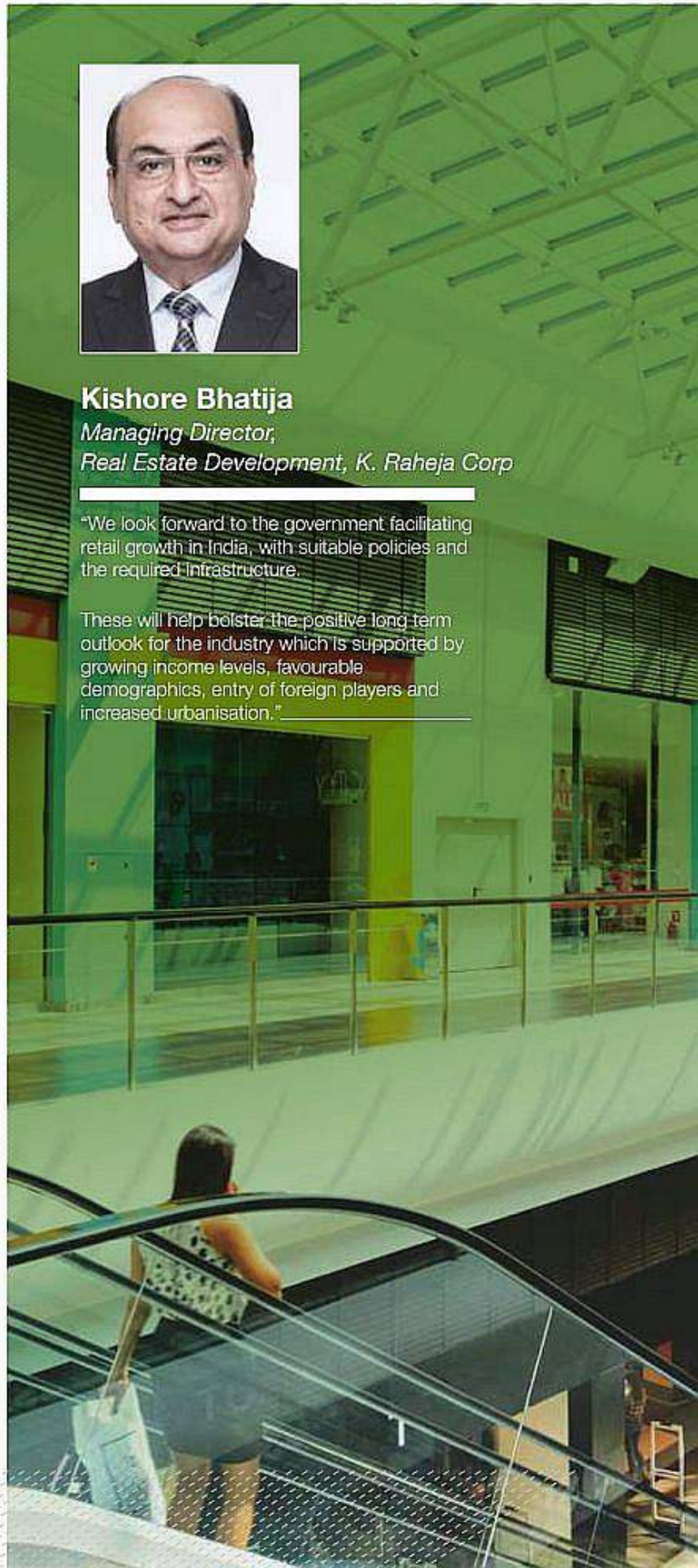


### Kishore Bhatija

*Managing Director,  
Real Estate Development, K. Raheja Corp*

"We look forward to the government facilitating retail growth in India, with suitable policies and the required infrastructure.

These will help bolster the positive long term outlook for the industry which is supported by growing income levels, favourable demographics, entry of foreign players and increased urbanisation."





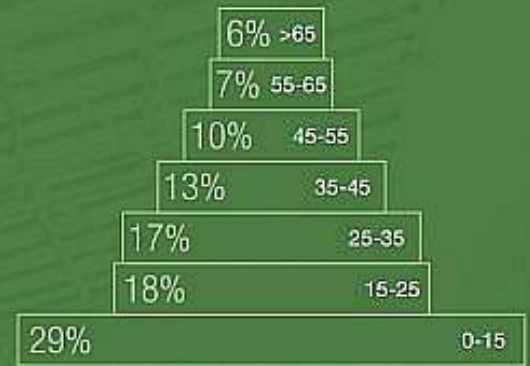


### Pushpa Bector

*Executive Vice President*  
Head, DLF Mall of India

"The mall business is a unique cusp between an FMCG business & Services sector. When malls are built keeping customers in mind & each service is volume efficient, we can look at developing a successful mall. The right tenant mix with experiential shopping is key to success."

### INDIA AGE PYRAMID (POPULATION: 1.3 BN)



Source: Government of India, Knight Frank Research

A quantum shift in the Indian retail sector will be possible only with the government's participation. The government has to facilitate growth by preparing clear policies for the retail sector and creating proper retail zones through a comprehensive planning process, thereby reducing infrastructure bottlenecks. Currently, the urban planning process in India does not have a well-defined place for retail and recreation use.

The Government of India's Urban and Regional Development Plan Formulation and Implementation (URDPFI) Guidelines 2015 identify retail as commercial use. The guidelines also provide norms for the hierarchy of commercial centres, based on population and a detailed list of activities that can be part of the retail development. The state governments are expected to incorporate these guidelines in the urban planning process while preparing a regional or master plan. Since there is no clear demarcation between commercial and retail use, the respective city master plans have no space earmarked for retail development – it is often included in commercial use.

As a result, retail development takes place in a haphazard manner, with commercial and retail often competing for the same space. Office projects get priority because of the returns they give to developers and investors.





## Government as a facilitator

Recent initiatives, such as the FDI retail policy and state-level retail policies, are a step in the right direction. The government is taking up the role of a facilitator to create an environment conducive to the retail business.

## FDI POLICY IN RETAIL

2006

51% FDI in a single brand with prior approval from DIPP

2012

- 100% FDI allowed in single-brand retailing, with prior approval from DIPP
- 51% FDI allowed in multi-brand retailing

2015

- Single-brand retailers can sell products online without any approval
- Sourcing norms can also be relaxed on a case-to-case basis

**In 2006**, the Indian government allowed a 51% FDI in single-brand retail, with the aim to attract investments. This was subject to prior government approval and the guidelines issued by the DIPP, as follows:

- Products to be sold should be of a single brand only
- Products should be sold under the same brand internationally
- Single-brand product retailing would cover only products branded during manufacturing

**In 2012**, the government relaxed the 51% cap and allowed up to 100% FDI in single-brand product retail trading, under the government approval route, subject to specified conditions. Apart from the conditions set in 2006, the government stipulated certain other conditions, as follows:

- Only one non-resident entity, whether the owner of the brand or otherwise, shall be permitted to undertake single-brand product retail trading in the country for the specific brand through a legally-tenable agreement with the brand owner for undertaking single-brand product retail trading in respect of the specific brand for which approval is being sought
- In respect of proposals involving an FDI beyond 51%, sourcing of 30% of the value of the goods purchased (taking an average of a five-year total value of the goods purchased), will be done from India, preferably from MSMEs, village and cottage industries, artisans and craftsmen, in all sectors

**In 2012**, the government went a step further and also allowed a 51% FDI in multi-brand retailing, subject to certain conditions, as follows:

- Fresh agricultural produce, including fruits, vegetables, flowers, grains, pulses, fresh poultry, fishery and meat products, may be unbranded
- The minimum amount to be brought in as FDI by the foreign investor would be \$100 million
- At least 50% of the total FDI brought in shall be invested in 'backend infrastructure' within three years of the first tranche of the FDI
- At least 30% of the value of the procurement of manufactured/ processed products purchased shall be sourced from Indian 'small industries'
- Retail sales outlets may be set up only in cities with a population of more than 10 lakh as per the 2011 Census and may also cover an area of 10 km around the municipal/ urban agglomeration limits of such cities. In states/ union territories that do not have cities with a population of more than 10 lakh as per the 2011 Census, retail sales outlets may be set up in the cities of their choice, preferably the largest city, and may also cover an area of 10 km around the municipal/ urban agglomeration limits of such cities
- The government will have the first right of procurement of agricultural products

**In 2013**, the government relaxed the FDI conditions in single-brand retail even further. FDI in single-brand product retail trading has been allowed up to 100%, wherein 49% would be through an automatic route and the rest, through the government route. Until then, the entire 100% FDI in single-brand retail was allowed only through the government route. In the case of multi-brand retail, an FDI cap has been retained at 51%.

**In November 2015**, the Department of Industrial Policy and Promotion (DIPP) announced a string of FDI reforms across 15 sectors, including retail. It states that a manufacturer is permitted to sell their products manufactured in India through wholesale and/or retail, including e-commerce, without government approval.

Thus, single-brand retail companies with stores will be allowed to sell online, using the e-commerce platform with certain conditions. Where a retailer is allowed to trade online, an Indian manufacturer would be the investee company and the owner of Indian brand manufacturing in India, with at least 70% of its products in-house, and sourcing not more than 30% from Indian manufacturers.

The government may relax sourcing norms in the case of companies engaged in single-brand retail trading and having state-of-the-art, cutting-edge technology and where local sourcing is not possible.



State governments are also introducing state-specific retail policies to improve the ease of conducting business in the retail sector. Andhra Pradesh and Maharashtra are the first states to create a draft retail policy. The Andhra Pradesh state retail policy has already been unveiled, whereas Maharashtra's policy will be released in the month of February 2016.

Some of the key highlights of the Andhra Pradesh state retail policy are:

- Inclusion of food and grocery retailing in essential services
- Single-desk clearance of business plans
- Easier land acquisition for retailers to build warehouses
- Tailor-made incentives for mega retail enterprises with investments of at least ₹1 bn or that employ at least 2,000 people
- Simplified labour laws
- Relaxed stocking limits for essential commodities

One of the additional inclusions in the Maharashtra retail policy is the development of retail entertainment zones (REZs). The concept of an REZ is to create a separate zone for retail and recreation with direct access to mass public transport systems. This will be included in the master plan of the various cities in Maharashtra. These zones would have large land parcels for mall development. Since the use is already identified as retail/entertainment, the land prices will be rationalised for this particular use. Physical infrastructure, such as roads, public transport and power, which comprise the backbone of a successful retail centre, will also be planned in advance within the master plan. The relaxation in the development control norms will be favourable to mall developers. Additionally, to enhance the viability of retail development, up to 50% additional floor space index (FSI) will be admissible over the base FSI.

In a nutshell, these reforms are a welcome move and will enhance India's attractiveness in the global market. The recent relaxation in the FDI policy to sell products manufactured in India through e-commerce platforms without government approval will give a



**Kamal Tandon**  
COO, Nalli

"Every business has its own strategy to move forward. We believe that being in the high trade density business that we deal with, the prudent way to expand our brand is through maintaining our own online portal and our own properties in locations as and when the situation demands."

One of the additional inclusions in the Maharashtra retail policy is the development of retail entertainment zones (REZs). The concept of an REZ is to create a separate zone for retail and recreation with direct access to mass public transport systems.



great impetus to online retailing in the country. This initiative is in line with the recent transformation in the country's retail market, wherein brands are either already using or considering multiple channels for sales. Among the various channels, e-commerce is the biggest change maker.



Internet users  
402 mn



Mobile users  
306 mn

E-tailing is opening doors for modern retail in Tier-II and Tier-III cities, where the brick-and-mortar format has limited viability.

## Technology - the game changer

Until a few years ago, shopping meant a visit to a mall or high street. With the advancement of technology and its increasing usage by consumers and retailers, shopping options are not restricted to physical stores anymore. E-tailing is not only a reality; it is evolving constantly to create synergies with other retail channels. According to the latest report released by the Internet and Mobile Association of

India (IAMAI) and IMRB International, India was estimated to have the world's second largest Internet user base by December 2015, overtaking the US. High-speed internet connections have become better and more affordable. Interestingly, India is the second largest smartphone market globally, and is expected to witness fast-track growth in the next five years.

More consumers are connected and socially active with the use of such technology. E-tailing is much more convenient through smartphones, and is accessible to all age groups across all geographies.

In fact, e-tailing is opening doors for modern retail in Tier-II and Tier-III cities, where the brick-and-mortar format has limited viability. The growth of e-tail has expanded the retail market by increasing the impulse to purchase and reaching out to the most remote rural customer, who would otherwise have no access to any modern brand.

Consumers are now becoming aware of various modern products. Hence, when brick-and-mortar modern retail enters these markets, it will find the consumers of these smaller towns higher up on the learning curve.

## The never ending debate: Digital vs Physical

Although it may seem like e-tailing is the new way of shopping, brick-and-mortar is also here to stay. Indian consumers continue to find physical stores appealing, and shopping is a form of recreational activity for them. Brick-and-mortar stores provide consumers with a physical experience that allows them to touch and feel the products. Retail stores also employ personnel to attend to customer requirements and suggest options, which is important to a high percentage of consumers even today. So, an integrated approach of brick and mortar and digital is the need of the hour.

### KEY STRENGTHS OF THE BRICK-AND-MORTAR AND DIGITAL MODELS



#### Brick-and-mortar

- Highly personal
- Allows consumers to physically touch and feel the products
- Personal help from store attendants
- Instant purchase: no waiting time for delivery

#### Digital

- Wide selection
- Customer reviews readily available
- Price comparison is very convenient
- Shop from anywhere





## Omnichannel retailing: the way forward

Our interaction with retailers across all product categories reveals that the e-tailing versus brick-and-mortar debate is not relevant anymore; both have to be integrated seamlessly to create a satisfying shopping experience. Lenskart, Pepperfry, Freecultr and Firstory are some of the e-tailers that have opened physical stores to showcase their products and service online customers. Similarly, e-tailing giant Flipkart has also launched physical stores, where customers can collect the items ordered online at their convenience. These stores will act as experience centres in the future and will offer value-added services, such as trials, instant returns and product demos. On the other hand, a number

of traditional brick-and-mortar players have gone online, either with their own websites or by tying up with already existing e-tailers, such as Amazon, Snapdeal, Jabong or Myntra. Mahindra Retail, Shoppers Stop, Jack & Jones and Aditya Birla Group are some of the retailers that went online in 2015. The figure is set to increase further in the coming years as more retailers understand the importance of offering multiple touch points to consumers. Several brands are bringing technology into their physical stores, with kiosks to showcase products and provide customer support. Virtual trial rooms have also been introduced in stores, wherein customers can try out any number of outfits available with just a

click. Jealous 21, Nike, Levi's, Arrow, and Satya Paul already have stores that use this technology. Some of these stores also allow customers to check the availability of a product across all brand outlets and order home delivery.

Consumers have already experienced the convenience of e-tail and expect improved integration in the future. Hence, an omnichannel strategy is the only way for retailers to perform in the coming years. The key is to be connected with consumers through various channels, such as websites, mobile apps, social media, kiosks and many more. A consumer should be able to shift between various media seamlessly during a shopping journey.

## Shopper's Journey for Grocery and Apparel

### Limited channels for shopping

2009



### Decent penetration of e-tail

2015





Shopping in an omnichannel world

2020

<p>APPAREL</p> 	<ul style="list-style-type: none"> <li>• Check products on various online portals</li> <li>• Log into the website</li> <li>• Get personalised recommendations based on your profile and order history</li> <li>• Select options</li> <li>• Share it with friends, get likes and then decide if you want to continue with the purchase</li> <li>• Complete the order</li> <li>• Get it home delivered or pick it up from the store</li> <li>• When you arrive to pick up the purchase from the store, they offer more options and accessories to go with it</li> <li>• Try the new options in a trial room or on the virtual screen</li> <li>• Compare the price for the items online</li> <li>• Make a purchase if it is available on discount; order it online and get it home delivered</li> </ul> 
<p>GROCERY</p> 	<ul style="list-style-type: none"> <li>• Log into the mobile app</li> <li>• Get recommendations based on your order history</li> <li>• Personalised deals based on your profile</li> <li>• Place an order in a single click</li> <li>• Get it home delivered as per your convenience or pick it up from the nearest store while driving back from work</li> </ul> 

Reinventing the brick-and-mortar space

The omnichannel retail model is bound have an impact on the brick-and-mortar retail space. Malls and stores within will have to adapt to the changing consumer requirements. Shopping at a mall will not be a necessity in the coming years. Purchases can be made anywhere and at any time with ease and at the consumer's convenience. Hence, malls have to provide much more than shopping to be able to attract customers. Shopping malls will have to be remodelled or rearranged into recreation centres, offering more spaces to socialise, host events and concerts, and provide ample F&B options.

The e-tail wave had hit other countries before India and there are several examples wherein malls have been repositioned to cater to the evolved needs of the consumers. Enlarged and evolved spaces for entertainment and F&B is the trend consistent across all countries.

SOME OF EXAMPLES OF INTERNATIONAL MALLS WITH A FOCUS ON ENTERTAINMENT



**Madrid Xanadu, Spain**  
The mall features a ski slope, go-karts, balloon rides, bowling and billiards.



**Mall of America, Minnesota, US**  
The mall has an underwater aquarium, theme park and dinosaur walk museum.



**West Edmonton Mall, Canada**  
The mall has one of the world's largest indoor amusement park, an underground aquarium, a miniature golf course for kids.



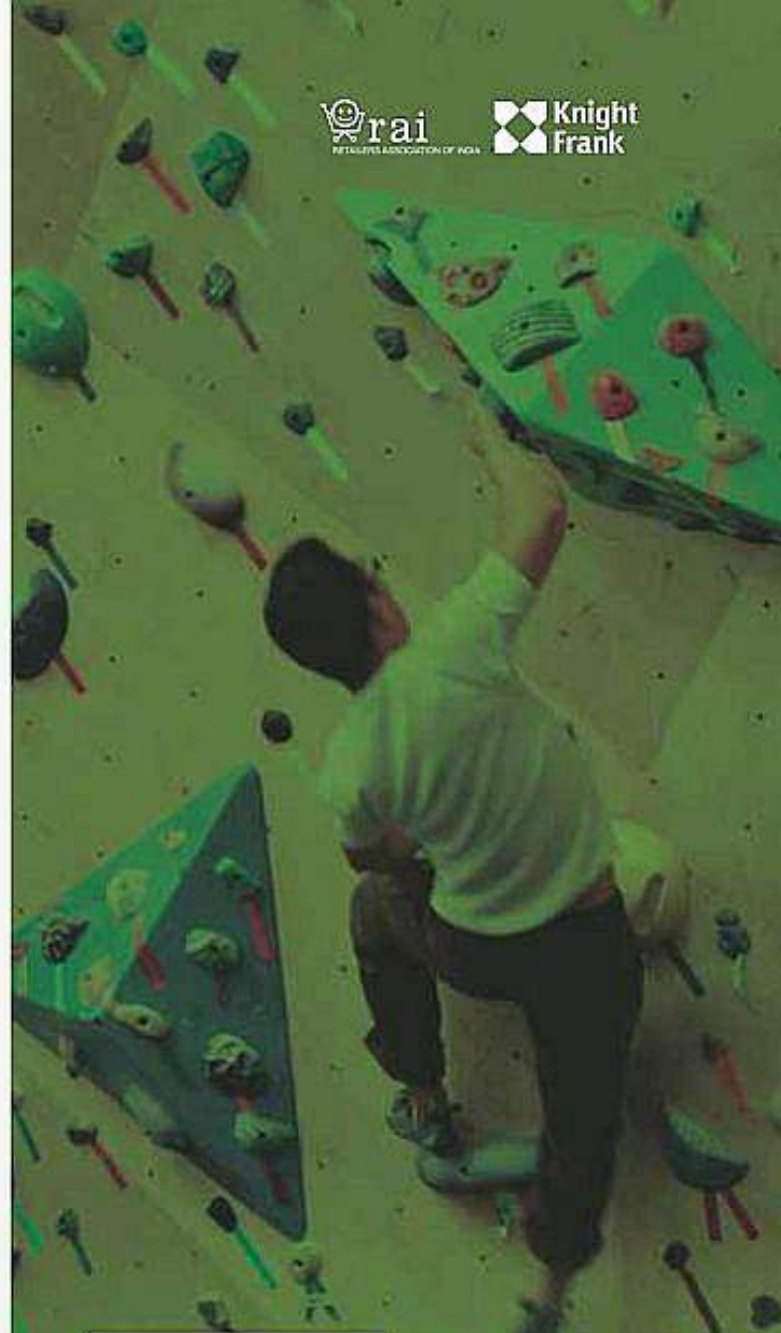
Similar changes are taking place in the Indian market as well. The share of entertainment and F&B in the overall mall space previously ranged between 8–9% and has grown to 15–20%. A number of existing malls, such as Inorbit and Oberoi in Mumbai, have strategically carved out more space for entertainment and F&B.

Similarly, a number of new malls in Bengaluru, such as Brigade Orion and Phoenix Market City, have allocated substantial space for family entertainment centres (FECs). One of the latest additions to India's mall list is DLF Mall of India, Noida, where the share of these two categories is as high as 40%.

**Entertainment and F&B can be defined as the new anchors that attract the maximum footfall and generate consistent revenue.**

Rcity, Mumbai, houses an indoor theme park—KidZania—which attracts consumers from across the city. According to a recent study by FICCI and KPMG, films and the gaming industry are expected to grow at a CAGR of 10.0% and 14.3% respectively, in the next five years, presenting big opportunities to retailers. Another change that is evident across all cities is the resizing of stores. Traditionally, an anchor tenant in a mall was categorised based on the size. The store size was thought to be of utmost importance when defining an anchor, followed by the product category.

The majority of the malls had planned department stores as anchors, with areas ranging between 60,000–70,000 sq ft. However, this trend is changing, and a number of successful malls are modifying their strategy, either reducing the size of the existing anchors or identifying new anchors based on the brand's attractiveness. International brands are gaining importance, as their average trading densities are also relatively higher. The size of anchor stores has now reduced to 20,000–25,000 sq ft. This downsizing is improving the retailers' average trading densities while also creating more space, giving the mall management an opportunity to rope in more brands and enhance revenues. As typically the rentals paid by anchor tenant are far below that of vanilla tenants.



**Parthasarathy R**  
*Head - Retail Business Development, Madura Fashion & Lifestyle*

"If the brand is relevant for a catchment and the catchment is big enough, having multiple stores in the same market only helps increase market share. Cannibalisation will be for a short period and one has to get the cost right. It is better to self-cannibalise than allow competition to gain advantage. However, the choice of market has to be right."



## The way forward



**Downsizing of anchor stores is not only improving the retailers' average trading densities while also creating more space, giving the mall management an opportunity to rope in more brands and enhance revenues.**

India's retail market is expected to grow manifold in the next five years. With the right support from the government, modern retail will witness tremendous growth and move up the growth curve. The omnichannel model, which focuses on the customer, will have to be adopted by retailers and mall developers. Innovation will be the key, as customer awareness leads to higher expectations, convenience being the requisite factor.

Retailers need to innovate in order to cater to the shopping needs of the new-age consumer who has limited time and a plethora of options to choose from. The retailer strategy has also to take into account the opportunity for partnerships – the entire industry needs to work as an ecosystem. Some of this is already being done – Shoppers Stop realised the need for an online presence and enhanced it by entering into a partnership with Snapdeal to reach to more consumers.

**Collaborative working among the leading players will be the key to success.**

It could be in the form of partnerships, or mergers and acquisitions. Brick-and-mortar spaces will have to reinvent, with a focus on consumer experience. The existing malls, which are either facing challenges or were shut down recently, can be revived if the basic fundamentals are in place, i.e. a good location, design and appropriate size.

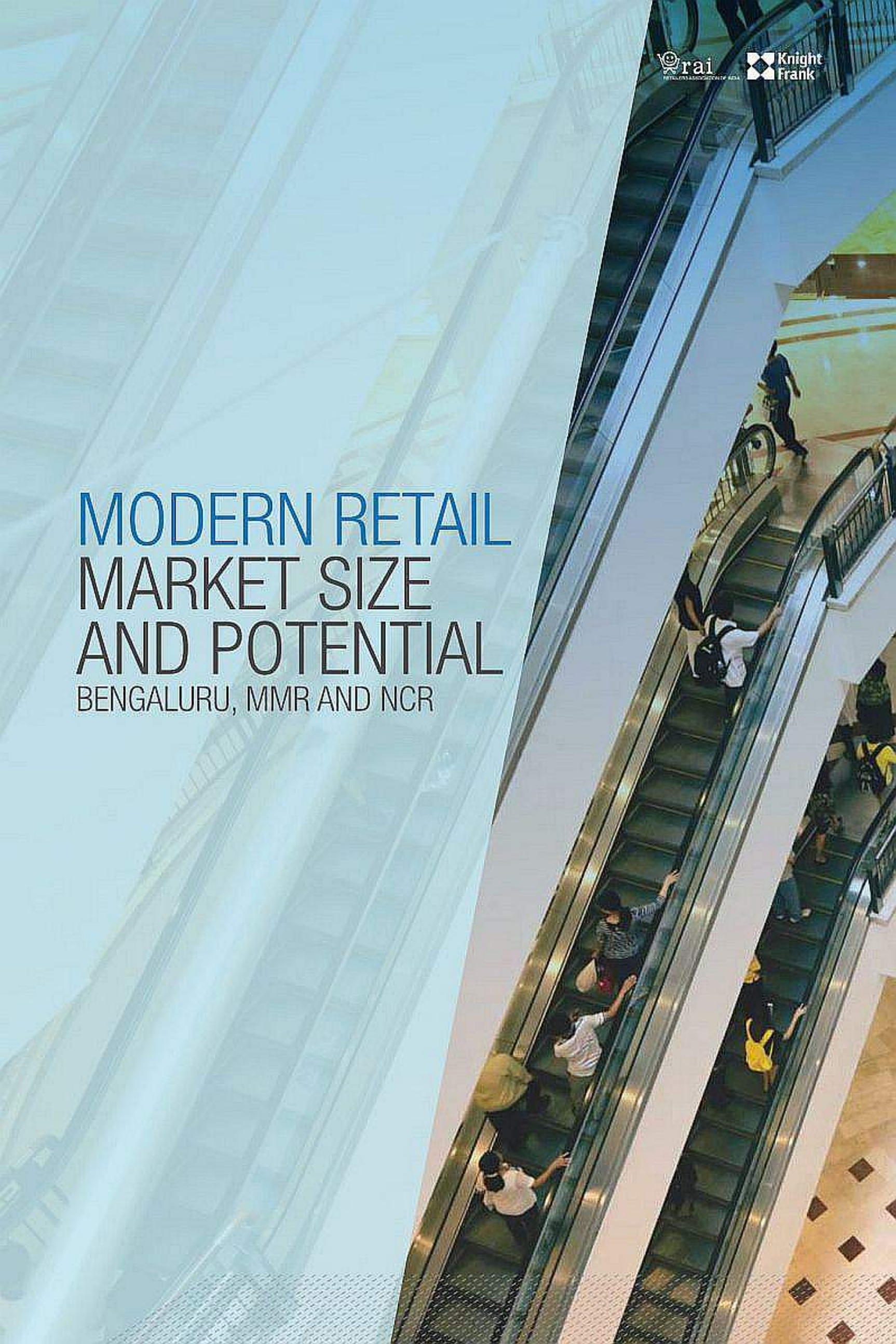
**Some of the international funds are looking for lucrative deals in this sector as well. In the short term, they are considering malls that have been performing steadily since the last three years. In their mid-term outlook, they would consider malls with the basics in place but failed due to management issues such as strata sales, lack of funds or other leasing model failure.**

However, these funds are currently not considering greenfield projects in the near future, which would have been a big opportunity for mall developers and a substantial value addition to the modern retail sector in India.



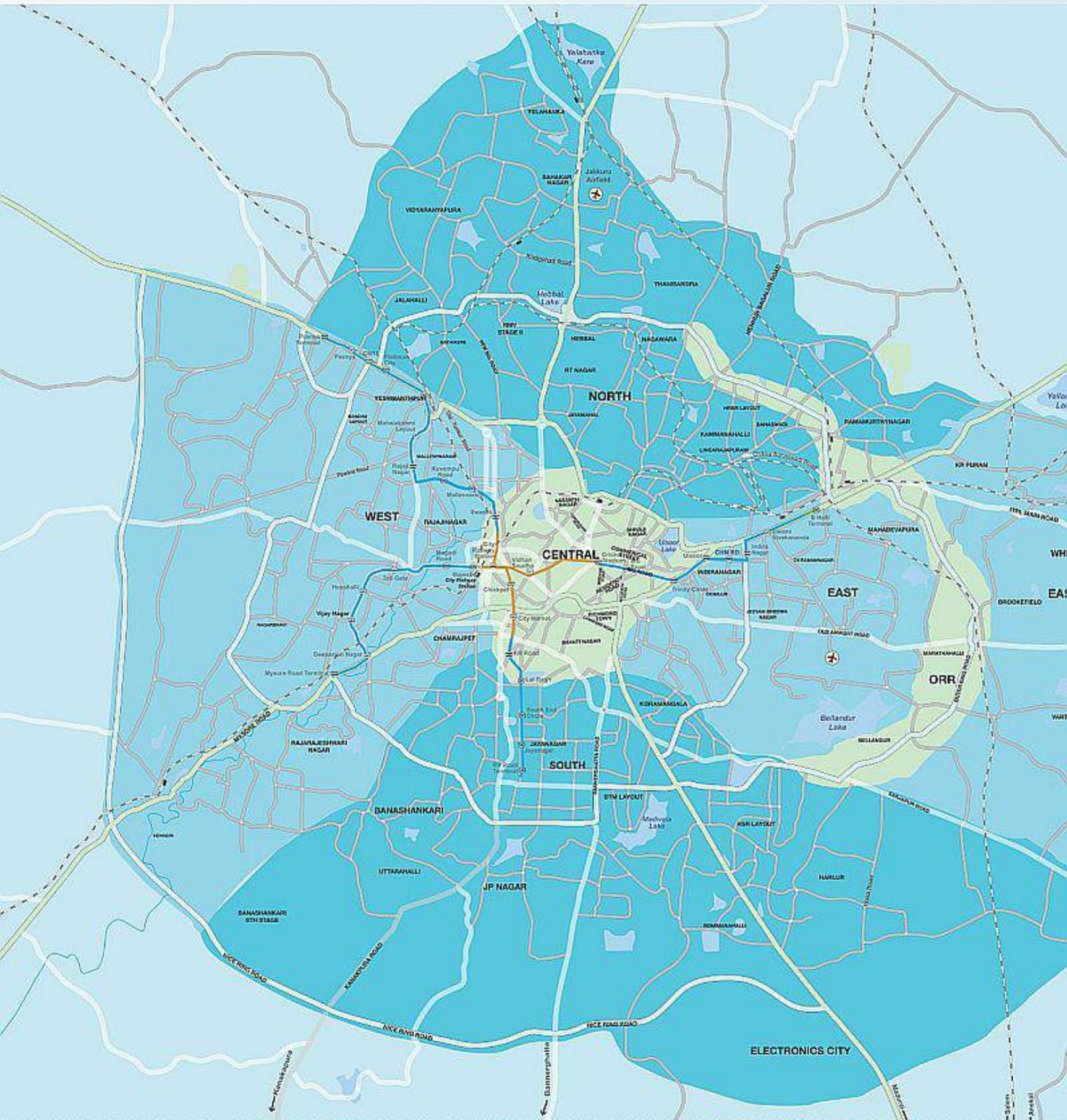
# MODERN RETAIL MARKET SIZE AND POTENTIAL

BENGALURU, MMR AND NCR



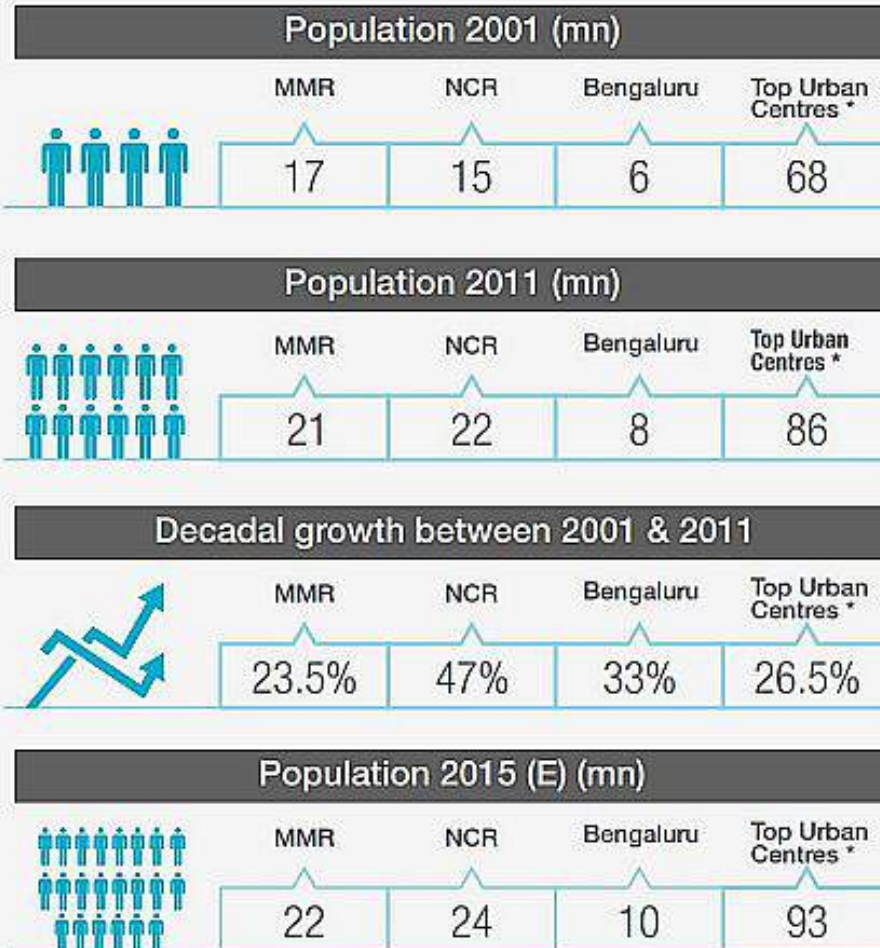


# BENGALURU





## CUSTOMER BASE



Source: Census 2011, Indicus Analytics, Knight Frank Research  
 \*MMR, NCR, Bengaluru, Hyderabad, Pune, Chennai, Kolkata

- Bengaluru has emerged as a sought-after retail market in recent years, with several foreign and national brands setting up their stores in the city. The city houses large-format retail malls, targeting both the luxury segment and value shoppers, while providing for modern retail space in shopping streets as well
- Fuelled by the advent of the IT/TeS sector, which witnessed the proliferation of a large number of people from other regions, Bengaluru is the third most populous city of India today, supporting a diverse demography
- During the last decade (2001–2011), the population growth was observed to have been significant, at a decadal growth rate of 33%, which was substantially higher than the growth witnessed in the Mumbai Metropolitan Region (MMR)

**With an estimated population of 10 mn as of 2015, a sizeable 54% of the city's population comprises households earning above ₹300,000 per annum, thereby translating into 5.2 mn people that play a major role in Bengaluru's modern retail growth story**



## Population across household income brackets

Bengaluru's total population stands  
at approximately  
**10 mn as of 2015**

% share of total population



5.2 mn people, accounting for 54%  
of Bengaluru's population, earn more  
than ₹300,000 per annum and contribute  
the most towards the modern retail  
growth story

Source: Knight Frank Research, Indicus Analytics



## MARKET SIZE

### Total consumption expenditure 2015 (₹ bn)



### Per capita consumption expenditure 2015 (₹)



### Total retail expenditure 2015 (₹ bn)



### Per capita retail expenditure 2015 (₹)



### Total modern retail expenditure 2015 (₹ bn)



### Per capita modern retail expenditure 2015 (₹)



Source: Knight Frank Research, Indicus Analytics, NSSO  
\*MMR, NCR, Bengaluru, Hyderabad, Pune, Chennai, Kolkata

- The Bengaluru retail market is characterised by a fair distribution of modern retail, largely impacted by rising consumer income levels. We have sized the city's customer spending to get an understanding of the total consumption expenditure pattern
- A key observation in this regard is the city's higher per capita consumption expenditure
- With a growing population base, the total consumption expenditure in Bengaluru is on the heels of NCR and Mumbai, and stands at ₹2,020 bn – a 16% share of the top seven urban centres
- While the city lagged behind NCR and Mumbai in total consumption and total retail expenditure, it emerged as the region with the highest per capita consumption expenditure and per capita retail expenditure. Its per capita retail expenditure stands at ₹67,289

The city's total modern retail expenditure stood at a competitive ₹154 bn, behind Mumbai and NCR, while its per capita modern retail expenditure surpassed these two cities considerably, by a margin of 115% and 88%, respectively



## MODERN RETAIL POTENTIAL

Defining modern retail has always been an ambiguous exercise, and, for the purpose of this study, all stores in a mall have been considered as modern retail constituents. In the case of retail stores on shopping streets, stores that provide a purchase invoice and have a basic structure and air conditioning have been considered as modern retail

Bengaluru has a clearly demarcated shopping street domination, with its share of modern retail space skewed at 60%. This implies the adaptability of the traditional markets of the city that recognised the demand for modern retail and attuned themselves with the evolving trends

The total consumption expenditure (which includes rent, transportation, utilities, education, medical and insurance) in Bengaluru stands at ₹2,020 bn, of which ₹640 bn comprises the total retail expenditure

The present market size of modern retail in the city stands at ₹154 bn, denoting the substantially low penetration of modern retail in the region (24%), as compared to many cities in emerging economies. This low penetration of modern retail portends well for Bengaluru, as it holds immense potential to increase its share of modern retail in the forthcoming years

**The potential of modern retail in Bengaluru stands at an estimated ₹486 bn**



Total consumption expenditure

₹2,020 bn



Total retail expenditure

₹640 bn

### PRODUCT CATEGORY SPLIT OF MODERN RETAIL IN BENGALURU



₹640 bn Total retail expenditure

₹154 bn Total modern retail expenditure



₹28 bn

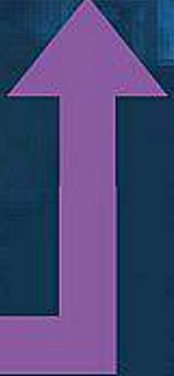
₹18 bn



Potential for modern retail  
₹486 bn



Total modern retail expenditure  
₹154 bn



**52% of the total expenditure on modern retail is contributed by apparel, F&B, entertainment and daily needs**

Between 2015 and 2019, the modern retail market size in Bengaluru is expected to grow at a CAGR of 23%, from ₹154 bn in 2015 to more than ₹363 bn in 2019

Further improvement in the macroeconomic parameters; a fast-growing cosmopolitan populace characterised by double incomes, high purchasing power and discerning tastes; and exposure to evolving trends are expected to enhance the share of Bengaluru's modern retail

We have estimated that by the year 2026, modern retail penetration in Bengaluru will increase to 50% from the current 24%, with both brick-and-mortar and E-tail formats contributing significantly to the growth

  
₹70 bn  
₹20 bn

  
₹44 bn  
₹10 bn

  
₹275 bn  
₹32 bn



## Product Category-level Analysis

# 1. APPAREL

### MARKET SIZE AND MODERN RETAIL POTENTIAL ACROSS ZONES

2015	Central Bengaluru	East Bengaluru	North Bengaluru	South Bengaluru	West Bengaluru	ORR	Bengaluru
Retail market size (₹ bn)	1.7	2.3	6.1	5.4	12.3	0.8	28.8
Modern retail market size (₹ bn)	0.4	1.6	0.4	1.0	2.0	☆	5.5
Modern retail potential (₹ bn)	1.2	0.6	5.7	4.3	10.3	0.8	23.2
Retail market size (₹ bn)	3.7	4.9	5.0	11.5	10.9	5.3	41.4
Modern retail market size (₹ bn)	1.2	4.8	0.5	3.0	3.5	0.9	14.0
Modern retail potential (₹ bn)	2.5	0.1	4.4	8.4	6.5	0.8	23.0
<b>Overall apparel: modern retail potential (₹ bn)</b>	<b>3.7</b>	<b>0.7</b>	<b>10.2</b>	<b>12.8</b>	<b>16.9</b>	<b>1.7</b>	<b>46.2</b>

Source: Knight Frank Research, Indicus Analytics, NSSO

Note: ☆ denotes negligible value



Bengaluru has a strong apparel market, dominated largely by traditional shopping streets, with the modern retail potential in the overall apparel category estimated at ₹46 bn

The ratio of shopping streets is higher in the city, particularly in regions such as South and West Bengaluru. These regions, though substantiated with malls, have numerous shopping streets adjacent to heavily-populated residential areas. This denotes the lower modern retail market size in 2015

The northern region, too, has a minimal modern retail presence, owing to its nascent retail markets and dependence on shopping streets

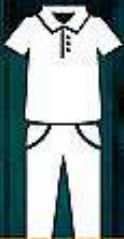
On the other hand, East Bengaluru, which has a number of large-format malls located in Whitefield, accounted for the highest modern retail market size in both, the ethnic and non-ethnic apparel categories

**Owing to the current low modern retail presence, North, South and West Bengaluru have a high growth potential in the apparel category. Together, these zones have an annual potential of ₹40 bn**

Ethnic



Non Ethnic





The annual modern retail potential of the F&B category in Bengaluru is around ₹34 bn

The penetration of modern retail in the fine dining category is the highest in Central Bengaluru, which houses a number of fine dining options, generating more business than the total retail spending of the catchment population. This may be attributed to the spending from other regions as well

The profusion of F&B café and Quick Service Restaurants (QSR) in East Bengaluru, the majority of which are in malls, has led them to secure healthy modern retail market sizes. The business generated in these segments is largely accounted for by the employees of the numerous IT projects in Whitefield

The potential for the overall F&B segment in South and West Bengaluru is estimated to be ₹9 bn and ₹13 bn per annum, respectively. The development of more F&B options, located primarily in mall spaces, and a spending population base are required to utilise this opportunity in these zones

F&B café



F&B fine dining



F&B QSR





## 2. FOOD AND BEVERAGE (F&B)

### MARKET SIZE AND MODERN RETAIL POTENTIAL ACROSS ZONES

2015	Central Bengaluru	East Bengaluru	North Bengaluru	South Bengaluru	West Bengaluru	ORR	Bengaluru
Retail market size (₹ bn)	0.3	0.4	0.6	1.0	1.3	0.1	3.9
Modern retail market size (₹ bn)	0.1	0.2	0.02	0.1	0.1	0.05	0.7
Modern retail potential (₹ bn)	0.2	0.1	0.6	0.8	1.2	0.1	3.2
Retail market size (₹ bn)	1.0	1.3	2.0	3.1	4.1	0.4	12.3
Modern retail market size (₹ bn)	1.1	1.0	0.05	0.1	0.6	0.09	3.1
Modern retail potential (₹ bn)	☆☆☆	0.2	2.0	3.0	3.5	0.4	9.1
Retail market size (₹ bn)	2.3	3.0	4.7	7.1	9.4	1.1	27.6
Modern retail market size (₹ bn)	0.3	2.3	0.2	1.7	1.1	0.1	6.0
Modern retail potential (₹ bn)	1.9	0.7	4.4	5.3	8.2	0.9	21.6
<b>Overall F&amp;B: modern retail potential (₹ bn)</b>	<b>1.9</b>	<b>1.1</b>	<b>7.1</b>	<b>9.3</b>	<b>13.0</b>	<b>1.4</b>	<b>34.0</b>

Source: Knight Frank Research, Indicus Analytics, NSSO

☆☆☆ implies that the modern retail space in these zones has been generating more business than the total retail spending of the catchment population in this product category



# 3. ENTERTAINMENT

## MARKET SIZE AND MODERN RETAIL POTENTIAL ACROSS ZONES

2015	Central Bengaluru	East Bengaluru	North Bengaluru	South Bengaluru	West Bengaluru	ORR	Bengaluru
Total entertainment expenditure (₹ bn)	2.2	3.0	4.6	7.0	9.3	1.1	27.5
Market size of multiplex and FEC (₹ bn)	2.1	2.2	1.5	3.6	4.1	4.0	17.7

Source: Knight Frank Research, Indicis Analytics, NSSO

The total retail market size of the entertainment category is ₹27.5 bn. The expenditure comprises spending on multiplexes, picnics, family outings, amusement parks, fairs and family entertainment centres (FECs)

The modern retail penetration of entertainment (FECs, multiplexes) as a category comprises a significant 64% of the total retail spending on entertainment in Bengaluru

With an expenditure of ₹4.06 bn on multiplexes and FECs, the ORR generates more business than the total retail spending of the catchment population in this product category. This can be attributed primarily to the low population in its catchment, thereby attracting consumers from other parts of the city





# 4. DAILY NEEDS (SUPERMARKETS/HYPERMARKETS)

## MARKET SIZE AND MODERN RETAIL POTENTIAL ACROSS ZONES

2015	Central Bengaluru	East Bengaluru	North Bengaluru	South Bengaluru	West Bengaluru	ORR	Bengaluru
Retail market size (₹ bn)	22.8	30.1	46.6	70.5	93.5	10.9	274.7
Modern retail market size (₹ bn)	1.6	9.8	1.2	7.5	7.3	4.0	31.6
Modern retail potential (₹ bn)	21.2	20.31	45.3	63.0	86.2	6.9	243.0

Source: Knight Frank Research, Indicous Analytics, NSSO

The total retail market size of the daily needs category (supermarkets/hypermarkets) is ₹275 bn, of which 60% is concentrated in South and West Bengaluru, which have traditionally been the preferred residential zones of the city

Notably, daily needs as a product category is dependent largely on its own catchment/zone population, unlike other categories, such as apparel and F&B, which can be in demand from consumers in other zones

The city's modern retail penetration in the total market size of this category is substantially low, at 12%

This can be attributed to the fact that a large portion of the market size of this category is catered to by traditional mom-and-pop stores, thereby pegging the modern retail penetration in this category at a lower level

The modern retail annual potential for the daily needs category stands at ₹243 bn in Bengaluru





# MODERN RETAIL SPACE SCENARIO IN MALLS

**Total number of  
operational malls**

BENGALURU	
Central Bengaluru	6
East Bengaluru	7
North Bengaluru	3
West Bengaluru	4
South Bengaluru	4
ORR	2

26

**Total mall space  
(sq ft)**

BENGALURU	
Central Bengaluru	1,002,000
East Bengaluru	2,998,000
North Bengaluru	515,500
West Bengaluru	3,023,000
South Bengaluru	1,100,000
ORR	631,000

9,269,500

**Per capita  
occupied mall  
space (sq ft per  
1,000 population)**

BENGALURU	
Central Bengaluru	695
East Bengaluru	1711
North Bengaluru	53
West Bengaluru	430
South Bengaluru	410
ORR	786

524



Bengaluru has witnessed a relatively gradual and lower concentration of malls compared to NCR and Mumbai. Mall development, which commenced in the central and off-central locations of the city, has now spread to the peripheral locations as well. At present, Bengaluru has 26 malls, adding up to approximately 9.3 mn sq ft of modern retail space

The occupied mall space per thousand of its population in Bengaluru stands at 524 sq ft

North Bengaluru has the least occupied mall space per thousand of its population. This can be attributed to the fact that modern retail in this zone is largely nascent and comprises traditional retail, with modern retail penetration at 14% of the ₹93 bn total retail expenditure in the zone

Interestingly, despite the limited presence of mall projects, the ORR has a higher mall space per per thousand of its population. This can be attributed to the lower population level in the ORR region, as compared to the other parts of the city

East Bengaluru remains the region with the highest amount of per capita occupied mall space per thousand of its population. The presence of seven malls catering to the retail needs of the population, largely belonging to the IT sector, has taken the per capita occupied mall space to a whopping 1,711 sq ft.

On the other hand, despite accounting for the largest quantum of mall space in the city, West Bengaluru has a lower per capita occupied mall space, at 430 sq ft. This can be attributed to the high population concentration in this zone, thus decreasing the per capita figure





## KEY TAKEAWAYS

Bengaluru has the highest per capita annual modern retail expenditure, at **₹16,191**, across all seven urban centres, making it an ideal catchment for retail



**52%** of the total spending in modern retail in Bengaluru is contributed by apparel, F&B, entertainment and daily needs (supermarket/hypermarkets)

The city has a potential for **₹486 bn** of modern retail, which augurs well for the growth of modern retail



**₹46 bn** is the estimated annual modern retail potential in apparel in Bengaluru







Growing at a CAGR of 16%, Bengaluru's total retail spending is projected to increase from **₹640 bn in 2015 to ₹1,155 bn in 2019**

Modern retail penetration is set to increase from the current **24% to 50% by 2026**

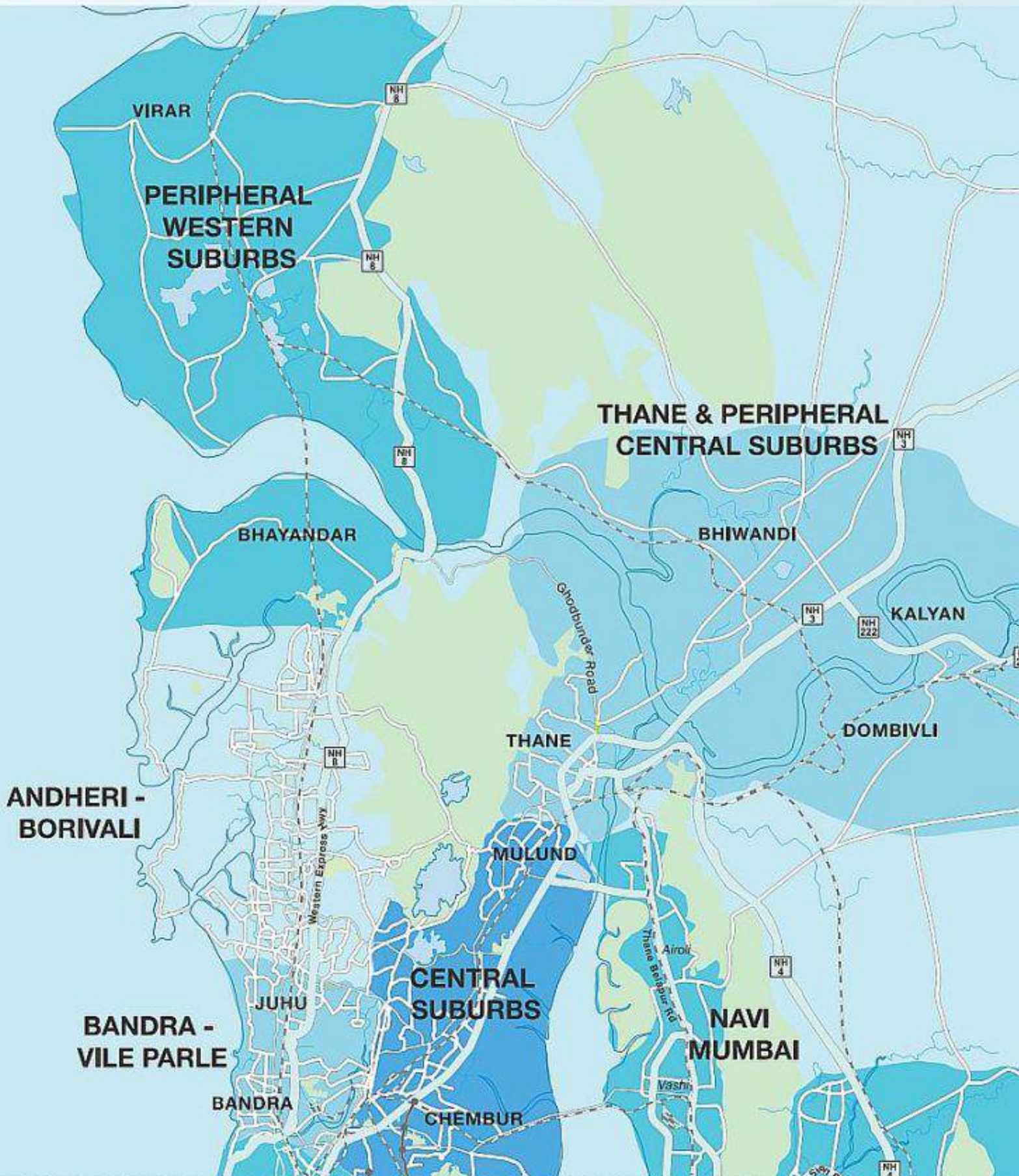


The annual modern retail for F&B category in the city holds a market potential of **₹34 bn**

The annual modern retail potential for daily needs (supermarkets/hypermarkets) in the city is estimated to be **₹243 bn**



# MUMBAI METROPOLITAN REGION





## CUSTOMER BASE

### Population 2001 (mn)



### Population 2011 (mn)



### Decadal growth between 2001 & 2011



### Population 2015 (E) (mn)



Source: Census 2011, Indicus Analytics, Knight Frank Research

\*MMR, NCR, Bengaluru, Hyderabad, Pune, Chennai, Kolkata

- With a population base of 22 mn, the MMR is one of the biggest urban agglomerations in India. During 2001-2011, the population increased at decadal growth rate of 24%, which is a tad lower than the growth observed in top urban centres of the country
- Nevertheless, Mumbai remains the financial capital of the country and is the hub for banking, financial services and insurance (BFSI) companies in India
- The sheer size of the region in terms of population and its socio-economic profile make it one of the most important retail markets in the country. Nearly 57% of the city's population comprises households earning above ₹300,000 per annum



## Population across household income brackets





## MARKET SIZE

### Total consumption expenditure 2015 (₹ bn)



### Per capita consumption expenditure 2015 (₹)



### Total retail expenditure 2015 (₹ bn)



### Per capita retail expenditure 2015 (₹)



### Total modern retail expenditure 2015 (₹ bn)



### Per capita modern retail expenditure 2015 (₹)



Source: Knight Frank Research, Indicus Analytics, NSSO  
 \*MMR, NCR, Bengaluru, Hyderabad, Pune, Chennai, Kolkata

- Mumbai is often projected as one of the most expensive cities in India. The MMR region has the highest consumption expenditure in the country, and stands at ₹4,113 bn – a 32% share of the top seven urban centres. In terms of volume, it is nearly double of Bengaluru's consumption expenditure
- The MMR also leads in terms of total retail expenditure. At ₹1,214 bn, the region contributes to nearly 29% of the total retail expenditure in the top seven urban centres of the country. Such high retail expenditure is a big opportunity for retailers, and is one of the reasons why many international brands prefer to open their stores in the MMR
- Despite having the highest retail expenditure, the Mumbai market lags behind NCR in terms of modern retail penetration. The MMR's modern retail market size stands at ₹164 bn. Even today, Mumbai has a number of non-modern shopping streets. Quite a high volume of retail spending takes place in these traditional shopping areas
- Likewise, the per capita modern retail spending in the MMR is far below that of Bengaluru and NCR



## MODERN RETAIL POTENTIAL

Defining modern retail has always been an ambiguous exercise, and, for the purpose of this study, all stores in a mall have been considered as modern retail constituents. In the case of retail stores on shopping streets, stores that provide a purchase invoice, and have a basic structure and air conditioning have been considered as modern retail

The penetration of modern retail is extremely low in the MMR, primarily due to the haphazard and unorganised retail markets across the city. Some of the biggest shopping areas in the MMR, such as Crawford Market, Zaveri Bazaar, Hindmata Market, Lamington Road, Kalamboli Market, Linking Road, etc. are still non-modern, unlike NCR and Bengaluru, where shopping streets are transforming into modern retail destinations

The present market size of modern retail in the MMR stands at ₹164 bn, indicating a substantially low penetration of modern retail in the region (13.5%), compared to many cities in emerging economies. At the same time, the retail expenditure of the MMR, at ₹1,214 bn, showcases the region's potential for modern retail in the coming years

The potential of modern retail in the MMR stands at an estimated ₹1,050 bn

Between 2015 and 2019, the modern retail market size in the MMR is expected to grow at a CAGR of 23%, from ₹164 bn in 2015 to more than ₹381 bn in 2019



Total consumption expenditure

₹4,113 bn



Total retail expenditure

₹1,214 bn

### PRODUCT CATEGORY SPLIT OF MODERN RETAIL IN MMR



₹1,214 bn Total retail expenditure

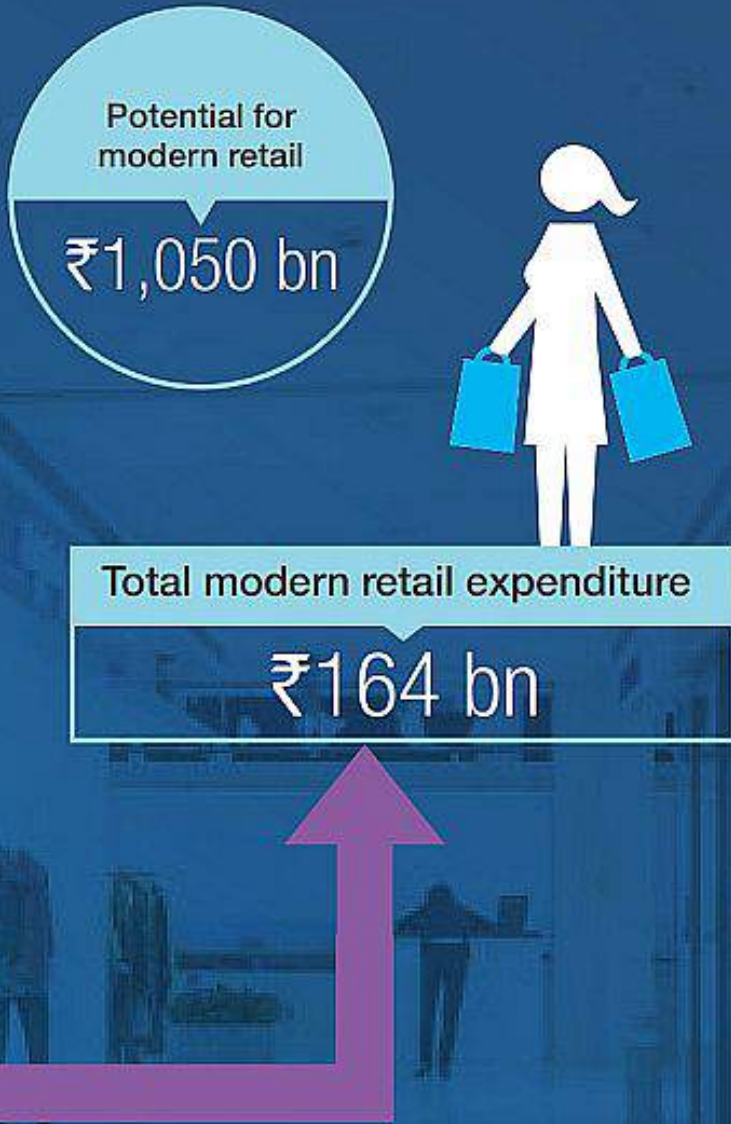
₹164 bn Total modern retail expenditure



₹61 bn

₹17 bn





New retail policies at the central and state levels will have a positive impact on the retail market in the region. Growing disposable income levels and changing consumer expectations will push the traditional markets to transform into modern store formats. However, the penetration of modern retail in the MMR will be slower than in NCR and Bengaluru due to the high slum population in the city and limited spending capabilities

We have estimated that by the year 2036, modern retail penetration in the MMR will increase to 50% from the current 13.5%, with both brick-and-mortar and E-tail formats contributing significantly to the growth

**68% of the total expenditure on modern retail is contributed by apparel, F&B, entertainment and daily needs**



₹146 bn

₹48 bn



₹97 bn

₹28 bn



₹607 bn

₹18.7 bn



## Product Category-level Analysis

# 1. APPAREL

### MARKET SIZE AND MODERN RETAIL POTENTIAL ACROSS ZONES

2015	Andheri-Borivli	Bandra-Vile Parle	Central Suburbs	Island City	Navi Mumbai	Peripheral Western Suburbs	Thane & Peripheral Central Suburbs	MMR
Retail market size (₹ bn)	9.5	2.6	6.8	7.6	2.5	4.9	5.4	39.3
Modern retail market Size (₹ bn)	4.1	2.3	1.4	1.9	1.4	0.7	3.0	14.8
Modern retail potential (₹ bn)	5.4	0.3	5.4	5.8	1.1	4.2	2.5	24.6
Retail market size (₹ bn)	25.7	7.0	18.5	20.7	6.7	13.1	14.7	106.3
Modern retail market size (₹ bn)	9.9	4.4	4.7	4.0	4.0	1.8	4.5	33.3
Modern retail potential (₹ bn)	15.8	2.6	13.8	16.7	2.6	11.4	10.2	73.0
Overall apparel: modern retail potential (₹ bn)	21.1	2.8	19.1	22.4	3.6	15.5	12.7	97.6

Source: Knight Frank Research, Indicus Analytics, NSSO



Ethnic



Non Ethnic



The penetration of modern retail is the highest in the apparel product category across all the top three retail markets of the MMR, NCR and Bengaluru, primarily due to the presence of a number of national and international brands in this category

At the same time, most of the unorganised shopping streets in MMR have apparel and footwear as their major offering. Linking Road, Colaba Causeway and Hindmata Market in Dadar are some of the shopping streets that predominantly sell apparel, footwear and accessories

**The annual modern retail potential in the overall apparel category is estimated to be ₹98 bn**

The island city zone has the highest potential for the apparel category, mainly due to the limited number of malls and modern shopping streets in MMR. Despite a strong customer base, the zone lacks modern retail supply. High real estate cost in the zone is also one of the reasons for the limited modern retail development

On the other hand, despite having a number of malls, the Andheri-Borivali zone has a huge annual potential of ₹21.2 bn for modern retail in the apparel category

The modern retail potential is higher in the non-ethnic category across all zones in the MMR



The annual potential of the F&B category in MMR is more than ₹70 bn

Unlike the other two important retail centres of NCR and Bengaluru, all retail zones in the MMR have a low penetration of modern retail in the F&B category. One of the reasons for this could be the large number of unorganised food joints across the city

The potential for F&B QSR in the Andheri-Borivali belt and the island city is estimated to be ₹7.8 bn and ₹7.3 bn per annum, respectively. This is a big opportunity for QSR players, such as McDonald's, KFC, Burger King, Domino's Pizza, etc.

F&B café



F&B fine dining



F&B QSR





# 2. FOOD AND BEVERAGE (F&B)

## MARKET SIZE AND MODERN RETAIL POTENTIAL ACROSS ZONES

2015	Andheri-Borivall	Bandra-Vile Parle	Central Suburbs	Island City	Navi Mumbai	Peripheral Western Suburbs	Thane & Peripheral Central Suburbs	MMR
Retail market size (₹bn)	2.6	0.7	2.1	2.1	0.7	1.3	1.5	10.9
Modern retail market Size (₹bn)	1.1	0.4	0.5	0.3	0.3	0.1	0.2	3.0
Modern retail potential (₹bn)	1.5	0.2	1.5	1.7	0.3	1.2	1.2	7.9
Retail market size (₹bn)	7.7	2.1	5.6	6.2	2.0	4.0	4.4	32.0
Modern retail market size (₹bn)	3.4	1.8	1.9	0.9	1.0	0.0	0.9	9.9
Modern retail potential (₹bn)	4.4	0.4	3.7	5.3	1.0	3.9	3.5	22.2
Retail market size (₹bn)	13.1	3.6	9.5	10.6	3.4	6.7	7.5	54.4
Modern retail market Size (₹bn)	5.3	1.6	2.1	1.5	1.8	1.1	1.4	14.9
Modern retail potential (₹bn)	7.8	2.0	7.3	9.0	1.7	5.6	6.1	39.5
<b>Overall apparel: modern retail potential (₹bn)</b>	<b>13.6</b>	<b>2.6</b>	<b>12.5</b>	<b>16.1</b>	<b>3.0</b>	<b>10.7</b>	<b>10.8</b>	<b>69.5</b>

Source: Knight Frank Research, Indicus Analytics, NSSO



# 3. ENTERTAINMENT

## MARKET SIZE AND MODERN RETAIL POTENTIAL ACROSS ZONES

2015	Andheri-Borivali	Bandra-Vile Parle	Central Suburbs	Island City	Navi Mumbai	Peripheral Western Suburbs	Thane & Peripheral Central Suburbs	MMR
Total entertainment expenditure (₹ bn)	14.7	4.0	10.6	11.8	3.8	7.5	8.4	60.7
Market size of multiplex and FEC (₹ bn)	8.5	0.0	2.9	0.7	1.6	0.7	2.1	16.6

Source: Knight Frank Research, Indicus Analytics, NSSO

The total retail market size of entertainment in the MMR is ₹61 bn. The expenditure comprises spending on Direct-to-home (DTH) entertainment, multiplexes, picnics, family outings, amusement parks, fairs and family entertainment centres (FECs)

The modern retail penetration of entertainment (FECs, multiplexes) as a category comprises a mere 27% of the total retail spending on entertainment in the MMR

**With an ₹8.5-bn expenditure on multiplexes and FECs, the Andheri-Borivali zone contributes to more than 50% of the total business generated by the entertainment category in the MMR, mainly due to the presence of a large number of malls with multiple movie screens**





# 4. DAILY NEEDS (SUPERMARKETS/HYPERMARKETS)

## MARKET SIZE AND MODERN RETAIL POTENTIAL ACROSS ZONES

2015	Andheri-Borivali	Bandra-Vile Parle	Central Suburbs	Island City	Navi Mumbai	Peripheral Western Suburbs	Thane & Peripheral Central Suburbs	MMR
Retail market size (₹ bn)	147	40	106	118	38	75	84	607
Modern retail market size (₹ bn)	3.4	0.3	2.9	0.9	3.8	0.8	6.6	18.7
Modern retail potential (₹ bn)	143	40	103	117	34	74	77	588

Source: Knight Frank Research, Indicus Analytics, NSSO

The penetration of modern retail in the daily needs category is very low across all the cities. A high percentage of the total retail expenditure in this category is catered to by mom-and-pop stores in the neighbourhoods. Consumers continue to buy basic groceries from the local markets. Similarly, fruits and vegetables are bought from the local market or street vendors

Notably, daily needs as a product category, is dependent largely on its own catchment/ zone population, unlike other categories, such as apparel and F&B, which can be in demand from consumers in other zones

**The modern retail annual potential for the daily needs category in the MMR stands at ₹588 bn**

The total retail market size of the daily needs category (supermarkets/ hypermarkets) is ₹607 bn, of which 24% is concentrated in the Andheri-Borivali belt, which has traditionally been the preferred residential zone of the city



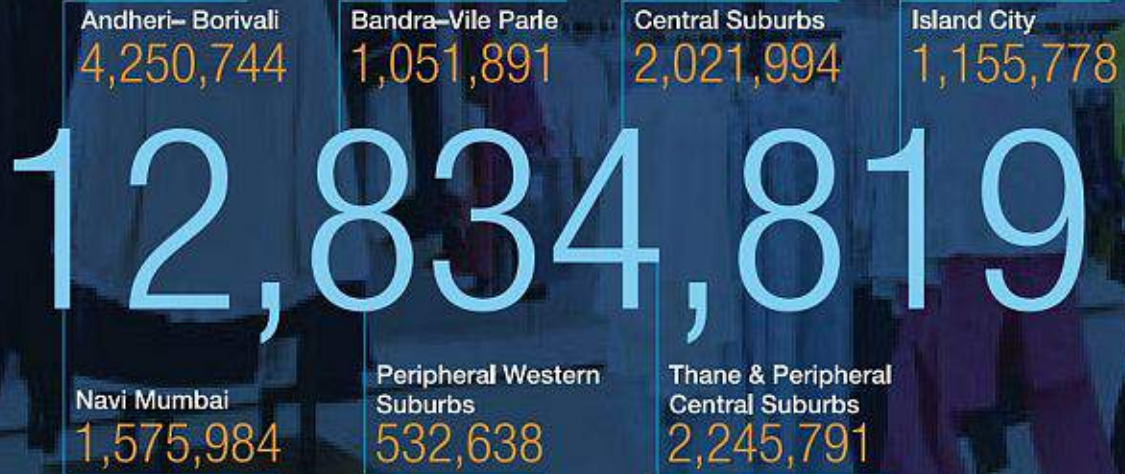


# MODERN RETAIL SPACE SCENARIO IN MALLS

**Total number of  
operational malls**



**Total mall space  
(sq ft)**



**Per capita  
occupied mall  
space (sq ft per  
1,000 population)**



\* No malls in the zone  
Source: Knight Frank Research



As of December 2015, the MMR had 33 operational malls. A number of malls have shut down in the last two years. While the MMR ranks second in the country in terms of total mall space, it lags when compared to population density

The occupied mall space in the MMR per thousand of its population stands at 350 sq ft

A comparison of the zones within the MMR indicates that at 723 sq ft, Navi Mumbai has the highest mall space density

The Bandra-Vile Parle zone has no malls. Consumers in this zone are either dependent on shopping streets located within the zone or malls in other zones

Andheri-Borivali and the Central Suburbs have a relatively higher per capita mall space per thousand of their population compared to overall MMR. The availability of large land parcels at decent prices has facilitated mall development in the region. The retail expenditure in these zones is also quite high, which contributes to the feasibility of malls in these locations





# KEY TAKEAWAYS

The MMR has the second **largest customer base** for retail across all seven urban centres, making it an ideal market for retail development



At **₹1,050 bn**, the MMR has the highest potential for modern retail in the country. The region offers big opportunities for retailers across all four product categories – apparel, F&B, entertainment and daily needs

**75%** of the total spending on retail in MMR is contributed by apparel, F&B, entertainment and daily needs (supermarkets/hypermarkets)

There is a market potential of **₹70 bn** in the F&B category in the MMR





Growing at a CAGR of 16%, the MMR's total retail spending is projected to increase from ₹1,214 bn in 2015 to ₹2,243 bn in 2019

Modern retail penetration is set to increase from the current 13.5% to 50% by 2036



The annual modern retail potential for spending on fashion apparel in the MMR is pegged at ₹98 bn

The annual potential for daily needs (supermarkets/hypermarkets) in the MMR is pegged at a steep ₹588 bn



# NATIONAL CAPITAL REGION





## CUSTOMER BASE

### Population 2001 (mn)



### Population 2011 (mn)



### Decadal growth between 2001 & 2011



### Population 2015 (E) (mn)



Source: Census 2011, Indicis Analytics, Knight Frank Research  
 \*MMR, NCR, Bengaluru, Hyderabad, Pune, Chennai, Kolkata

- NCR is one of the major retail hubs in the country. The market's prominence emerges from its diversity in demography and lifestyle, which has had a huge impact on shaping its retail business
- NCR's growth was fuelled majority by the growth in the service industry, which opened up vast job opportunities in the region, leading to huge immigration from its neighbouring states
- Among the top three cities, NCR has experienced the highest decadal growth of 47% between 2001 and 2011, and is estimated to have a population of 24 mn as of 2015. A substantial 48% of the city's population comprises households earning above ₹300,000 per annum. An estimated 11.4 mn people have made the maximum contribution to NCR's modern retail market



## Population across household income brackets

NCR's total population stands at  
24 mn as of 2015 (E)

% share of total population



48% of NCR's population earns  
more than ₹300,000 per annum.  
11.4 mn people have made the  
maximum contribution to NCR's  
modern retail market

Source: Knight Frank Research, Indicus Analytics



# MARKET SIZE

## Total consumption expenditure 2015 (₹ bn)



## Per capita consumption expenditure 2015 (₹)



## Total retail expenditure 2015 (₹ bn)



## Per capita retail expenditure 2015 (₹)



## Total modern retail expenditure 2015 (₹ bn)



## Per capita modern retail expenditure 2015 (₹)



Source: Knight Frank Research, Indicus Analytics, NSSO

\*MMR, NCR, Bengaluru, Hyderabad, Pune, Chennai, Kolkata

- Propelled by surging household incomes and other socioeconomic factors, consumer spending is increasing at a faster pace. We have sized NCR's customer spending to get an understanding of the total consumption and expenditure pattern
- Despite a larger population base, the total consumption expenditure in NCR is less than Mumbai and stands at ₹3,494 bn – a 31% share of the top seven urban centres
- NCR is a close second to Mumbai in the total retail expenditure as well. Together, both cities account for more than 59% of the retail consumption pie of the top seven cities
- However, NCR surpasses Mumbai and Bengaluru in the total modern retail expenditure. Of the total ₹801 bn modern retail expenditure of the top seven cities, an approximate 34% share is taken up by NCR. NCR's modern retail market size stands at ₹269 bn
- However, NCR's per capita modern retail expenditure is substantially lower than Bengaluru



## MODERN RETAIL POTENTIAL

Defining modern retail has always been ambiguous, and, for the purpose of this study, all stores in a mall have been considered as modern retail constituents. In the case of retail stores on shopping streets, stores that provide a purchase invoice and have a basic structure and air conditioning have been considered as modern retail

Approximately 59% of the modern retail stores in NCR are on shopping streets and the rest, in malls. However, due to restricted store sizes, the space occupied by modern retail stores in malls is much more, taking up 57% of NCR's total modern retail space

The total consumption expenditure (which includes rent, transportation, utilities, education, medical and insurance) in NCR stands at ₹3,494 bn, of which ₹1,047 bn comprises the total retail expenditure

The present market size of modern retail stands at ₹269 bn. Since the penetration of modern retail in NCR is substantially low (26%) as compared to many cities in emerging economies, NCR has a huge potential to increase its share of modern retail in the total retail market of the city

The potential of modern retail in NCR stands at ₹779 bn



Total consumption expenditure

₹3,494 bn



Total retail expenditure

₹1,047 bn

## PRODUCT CATEGORY SPLIT OF MODERN RETAIL IN NCR



1,047 bn Total retail expenditure

269 bn Total modern retail expenditure



52 bn

7 bn



Potential for modern retail  
₹779 bn



Total modern retail expenditure  
₹269 bn



Between 2015 and 2019, the modern retail market size in NCR is expected to grow at a CAGR of 24%, from ₹269 bn in 2015 to more than ₹630 bn in 2019

The growth in the macroeconomic parameters, a fast-growing middle class with increasing disposable income and a population that is steadily moving into the peripheral markets of Gurgaon, Noida, Ghaziabad and Faridabad are expected to enhance the share of NCR's modern retail. We have estimated that by the year 2028, modern retail penetration in NCR will increase to 50% from the current 26%, with both brick-and-mortar and e-tail formats contributing significantly to the growth

**65% of the total expenditure on modern retail is contributed by apparel, F&B, entertainment and daily needs**



126 bn

107 bn



84 bn

49 bn



524 bn

11 bn



## Product Category-level Analysis

# 1. APPAREL

### MARKET SIZE AND MODERN RETAIL POTENTIAL ACROSS ZONES

2015	Delhi – Central	Delhi – East	Delhi – North	Delhi – South	Delhi – West	Faridabad	Ghaziabad	Greater Noida	Gurgaon	Noida	NCR
Retail market size (₹bn)	3	7	10	10	7	3	2	0.3	4	1	48
Modern retail market size (₹bn)	11.1	1.0	4.9	15.1	4.8	0.8	1.7	0.1	4.0	1.2	45.1
Modern retail potential (₹bn)	☆☆☆	6.1	5.5	☆☆☆	1.8	2.4	0.5	0.2	☆☆☆	0.0	2.6
Retail market size (₹bn)	4.4	11.5	16.9	15.5	10.9	5.3	3.7	0.6	6.6	2.1	77.9
Modern retail market size (₹bn)	12.1	1.5	6.1	16.4	6.3	2.1	3.6	0.6	10.0	2.9	61.9
Modern retail potential (₹bn)	☆☆☆	10.0	10.8	☆☆☆	4.5	3.1	0.05	0.03	☆☆☆	☆☆☆	15.9
Overall apparel: Modern retail potential (₹bn)	☆☆☆	16.1	16.3	☆☆☆	6.4	5.6	0.6	0.2	☆☆☆	☆☆☆	18.6

Source: Knight Frank Research, Indicus Analytics, NSSO

☆☆☆ implies that the modern retail space in these zones has been generating more business than the total retail spending of the catchment population in this product category

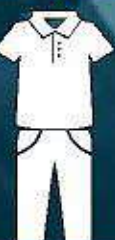




### Ethnic



### Non Ethnic



The annual modern retail potential in the overall apparel category is estimated to be ₹19 bn

The service industry and growth in income have attracted brands and retailers that have set up modern stores in the region, which explains the high penetration of modern retail in this product category

In addition to its own population base, Central Delhi, which mainly comprises Connaught Place, Janpath, Chandni Chowk and Karol Bagh, caters to consumers from NCR's other zones in terms of apparel purchase

Similarly, due to their strong consumer base, South Delhi, Gurgaon and Noida have some of the best malls and stores in NCR, which not only attract their own catchment but also benefit from expenditure from other zones

**On the other hand, there is a high growth potential for the apparel category in North and East Delhi. Together, these zones have an annual potential of ₹32 bn**

In general, the modern retail potential is higher in the non-ethnic category than the ethnic category



The annual potential of the F&B category in NCR is more than ₹35 bn

The F&B category in Central Delhi, South Delhi, Gurgaon and Noida witnesses spending from other zones in the modern retail formats. As a result, the modern F&B outlets are generating higher business than the spending of the zone population in this category.

The potential for fine dining restaurants in North and East Delhi is estimated to be ₹6.2 bn per annum. Quality mall spaces and a spending population base are required to utilise this opportunity in these zones

The penetration of modern retail in the quick service restaurant (QSR) category is the highest in Gurgaon. The QSR modern retail formats are generating a total annual business of ₹7.4 bn. This may be attributed to the presence of strong service sector-based business districts

F&B café



F&B fine dining



F&B QSR





# 2. FOOD AND BEVERAGE (F&B)

## MARKET SIZE AND MODERN RETAIL POTENTIAL ACROSS ZONES

2015	Delhi - Central	Delhi - East	Delhi - North	Delhi - South	Delhi - West	Faridabad	Ghaziabad	Greater Noida	Gurgaon	Noida	NCR
Retail market size (₹bn)	0.2	0.6	0.9	0.8	0.6	0.3	0.2	0.0	0.4	0.1	4.2
Modern retail market size (₹bn)	0.9	0.0	0.2	2.5	0.4	0.0	0.1	0.0	0.8	0.3	5.5
Modern retail potential (₹bn)	☆☆☆	0.5	0.7	☆☆☆	0.1	0.2	0.0	0.0	☆☆☆	☆☆☆	☆☆☆
Retail market size (₹bn)	1.1	2.9	4.3	4.0	2.8	1.3	0.9	0.1	1.7	0.5	20.1
Modern retail market size (₹bn)	1.5	0.6	0.5	5.7	1.4	0.1	0.5	★	5.3	1.1	17.1
Modern retail potential (₹bn)	☆☆☆	2.3	3.8	☆☆☆	1.3	1.2	0.3	0.1	☆☆☆	☆☆☆	2.9
Retail market size (₹bn)	3.4	8.8	12.9	11.8	8.3	4.0	2.8	0.4	5.0	1.6	59.4
Modern retail market size (₹bn)	2.5	1.0	1.6	6.3	2.7	0.9	1.6	0.1	7.3	1.5	25.9
Modern retail potential (₹bn)	0.9	7.8	11.3	5.5	5.5	3.0	1.1	0.3	☆☆☆	0.1	33.5
Overall F&B: modern retail potential (₹bn)	☆☆☆	10.7	15.8	1.9	7.1	4.5	1.6	0.5	☆☆☆	☆☆☆	35.2

Source: Knight Frank Research, Indicus Analytics, NSSO

Note: ★ denotes negligible value

☆☆☆ implies that the modern retail space in these zones has been generating more business than the total retail spending of the catchment population in this product category



# 3. ENTERTAINMENT

## MARKET SIZE AND MODERN RETAIL POTENTIAL ACROSS ZONES

2015	Delhi - Central	Delhi - East	Delhi - North	Delhi - South	Delhi - West	Faridabad	Ghaziabad	Greater Noida	Gurgaon	Noida	NCR
Total entertainment expenditure (₹bn)	5.2	5.6	11.4	10.4	7.3	3.6	2.5	0.4	4.5	1.4	52.4
Market size of multiplexes and FECs (₹bn)	0.2	0.1	0.3	0.8	0.8	0.5	1.0	☆	2.7	0.5	6.9

Source: Knight Frank Research, Indicus Analytics, NSSO

Note: ☆ denotes negligible value

The total retail market size of entertainment is ₹52.4 bn. The expenditure comprises spending on multiplexes, picnics, family outings, amusement parks, fairs and family entertainment centres (FECs)

However, the modern retail penetration of entertainment (FECs, multiplexes) as a category is only 13% of the total retail spending on entertainment

With ₹2.7 bn, Gurgaon leads NCR in the total retail spending on entertainment pertaining to movies, multiplexes and FECs





# 4. DAILY NEEDS (SUPERMARKETS/HYPERMARKETS)

## MARKET SIZE AND MODERN RETAIL POTENTIAL ACROSS ZONES

2015	Delhi – Central	Delhi – East	Delhi – North	Delhi – South	Delhi – West	Faridabad	Ghaziabad	Greater Noida	Gurgaon	Noida	NCR
Retail market size (₹bn)	29.9	77.9	114.2	104.2	73.5	35.6	25.1	4.2	44.7	14.3	523.7
Modern retail market size (₹bn)	0.0	0.1	0.5	1.9	1.3	0.5	1.1	★	5.0	0.5	11.3
Modern retail potential (₹bn)	29.9	77.8	113.6	102.3	72.1	35.1	24.0	4.2	39.7	13.8	512.4

Source: Knight Frank Research, Indicus Analytics, NSSO

Note: ★ denotes negligible value

The total retail market size of the daily needs category (supermarkets/hypermarkets) is ₹523.7 bn, of which 42% is concentrated in the North and South Delhi zones

Since a large portion of the market size of this category is catered to by traditional mom-and-pop stores, the modern retail penetration in this category is very low

Daily needs as a product category is dependent largely on its own catchment/zone population, unlike other categories, such as apparel and F&B, which can be in demand from consumers in other zones

However, the modern retail penetration in the total market size of this category is only 2%

**The modern retail annual potential for the daily needs category stands at more than ₹500 bn in NCR**





# MODERN RETAIL SPACE SCENARIO IN MALLS

Total number of  
operational malls

NCR	
Delhi - East	3
Delhi - North	10
Delhi - South	7
Delhi - West	6
Faridabad	7
Ghaziabad	7
Greater Noida	2
Gurgaon	23
Noida	4

**69**

Total mall space  
(sq ft)

Delhi - East	620,000	Delhi - North	2,034,000	Delhi - South	3,315,548	Delhi - West	1,915,760
Faridabad	724,000	<b>31,133,556</b>				NCR	
Ghaziabad	3,527,700	Greater Noida	725,000	Gurgaon	14,706,548	Noida	3,565,000

Per capita  
occupied mall  
space (sq ft per  
1,000 population)

NCR	
Delhi - East	143
Delhi - North	105
Delhi - South	641
Delhi - West	394
Faridabad	339
Ghaziabad	881
Greater Noida	307
Gurgaon	2,884
Noida	3,514

**601**



NCR could be called the 'Mall Capital of India', as it houses 69 operational malls across its six zones – Delhi, Gurgaon, Noida, Ghaziabad and Faridabad

The occupied mall space per thousand of its population in NCR stands at 601 sq ft.

North Delhi has the least occupied mall space per thousand of its population. This can be attributed to the fact that retail in this zone largely comprises traditional retail, with modern retail penetration only at 7% of the ₹228 bn total retail expenditure in the zone

In Greater Noida, the per capita mall space per thousand of the population is also quite low. This can be explained by the fact that total modern retail expenditure in Greater Noida is very limited. From the ₹8 bn total retail expenditure, only ₹1 bn goes towards modern retail

Malls in Faridabad are concentrated on Mathura Road, and its occupied mall space is concentrated mainly in three malls. The ongoing construction on Mathura Road and the metro work has adversely affected retail in this zone

Gurgaon and Noida have the highest per capita mall space per thousand of their population. Unlike other zones, Gurgaon and Noida are characterised by the availability of large land parcels that facilitate large-format malls. The Great India Place and DLF Mall of India in Noida, and Ambience Mall in Gurgaon are examples of large-size malls in NCR





## KEY TAKEAWAYS

NCR has the largest customer base for retail across all seven urban centres, making it an ideal catchment for retail



Growing at a CAGR of 16%, NCR's total retail spending is projected to increase from ₹1,047 bn in 2015 to ₹1,919 bn in 2019

NCR has a ₹779 bn potential for modern retail, making it second only to Mumbai, which has a potential of ₹1,050 bn

Modern retail penetration is set to increase from the current 26% to 50% by 2028





65% of the total spending on retail in NCR is contributed by apparel, F&B, entertainment and daily needs (supermarket/hypermarkets)

There is a market potential of ₹35 bn in the F&B category in NCR











The annual modern retail potential for spending on fashion apparel in NCR is pegged at ₹19 bn

The annual potential for daily needs (supermarkets/hypermarkets) in NCR is pegged at a steep ₹512 bn



# MODERN RETAIL POTENTIAL A SNAPSHOT

		Annual Potential (₹bn)	Zone with the highest potential
	<b>APPAREL</b>		
	MMR	97.6	Island city
	NCR	18.6	Delhi North
	Bengaluru	46.2	West Bengaluru
	<b>ETHNIC</b>		
	MMR	24.6	Island City
	NCR	2.6	Delhi East
	Bengaluru	23.2	West Bengaluru
	<b>NON-ETHNIC</b>		
	MMR	73.0	Island City
	NCR	15.9	Delhi North
	Bengaluru	23.0	South Bengaluru
	<b>F&amp;B</b>		
	MMR	69.9	Island City
	NCR	35.5	Delhi North
	Bengaluru	34.0	West Bengaluru
	<b>CAFÉ</b>		
	MMR	7.9	Island City
	NCR	Negligible	Delhi North
	Bengaluru	3.2	West Bengaluru
	<b>QSR</b>		
	MMR	39.5	Island City
	NCR	33.5	Delhi North
	Bengaluru	21.6	West Bengaluru
	<b>FINE DINING</b>		
	MMR	22.2	Island City
	NCR	2.9	Delhi North
	Bengaluru	9.1	West Bengaluru
	<b>DAILY NEEDS</b>		
	MMR	588	Andheri-Borivali
	NCR	512	Delhi North
	Bengaluru	243	West Bengaluru



# SUCCESSFUL SHOPPING CENTRES - LESSONS LEARNT





**Dr Uday B. Garudachar**  
Managing Director, Garuda Group

"It is imperative for a mall to re-evaluate itself periodically and amend its positioning through intelligent space management and providing the right brand mix to the customer. A tenacious effort to provide the customer with *shoppertainment*—a definitive shopping experience, coupled with entertainment—has been the reason behind Garuda Mall being counted among the top retail destinations in the city even after 10 long years."

TABLE 1

## MALL SNAPSHOT

Year of operation

2005

Total built-up area (sq ft)

350,000

Net leasable area (sq ft)

260,000

Number of car parking spaces

1,000

Number of stores

113

Anchor tenants

Shoppers Stop  
Westside  
Forever 21  
Inox

Average vacancy (%)

<5%

Average footfall (per month)

0.5 million

Average ATD on carpet area

₹1,500/sq ft (2012)  
₹2,300/sq ft (2015)

Source: Knight Frank Research





Garuda Mall

# Garuda Mall

## MAGRATH ROAD, BENGALURU

Established in 2005, Garuda Mall is one of the pioneers of large format modern retailing in Bengaluru. The 350,000-sq ft retail development was launched by Garuda Group on Magrath Road, a quiet by-lane off the bustling central business district (CBD) of M.G. Road, and surrounded by residential neighbourhoods. Over time, significant changes took place on Magrath Road, turning the area into an active commercial destination, but Garuda Mall steadfastly held on to its position as one of the most sought-after retail centres of the city.

Table 1 enumerates some of the salient features of Garuda Mall.

Garuda Mall came up during the hectic consumerism period of the mid-2000s, when every retailer wanted their presence in a mall. The initial few years passed without a hitch, with no serious competition

hampering the mall's growth. The first jolt was brought about by the economic slowdown and recession that hit the country in 2009. By 2010, Bengaluru had witnessed the development of several malls, housing the same brands as Garuda Mall, thus impacting its exclusivity. Besides being present in other malls, standalone brand stores mushroomed all over the city, causing consumers to opt for location-based convenience while shopping. With these trends becoming the norm, Garuda Mall found its revenues slipping and a gradual decline in its consumer base.

In 2011–12, with several lease agreements of its tenants coming to an end, the mall decided to take stock of its position and went in for a complete renovation and re-strategizing exercise. A key point emerged during the exercise –



Amoeba Garuda Mall



## Understand the catchment requirements

The primary catchment of Garuda Mall lay within a 30-minute drive, comprising locations such as M.G. Road, Ashok Nagar, Lavelle Road, Richmond Town, Vasanth Nagar and other central Bengaluru addresses, although a significant chunk of its consumers belonged to other parts of the city as well. Thus, the scope of the catchment was extended to include a larger secondary area that consisted of a drivable distance of around 45-60 minutes.

### Primary catchment of Garuda Mall

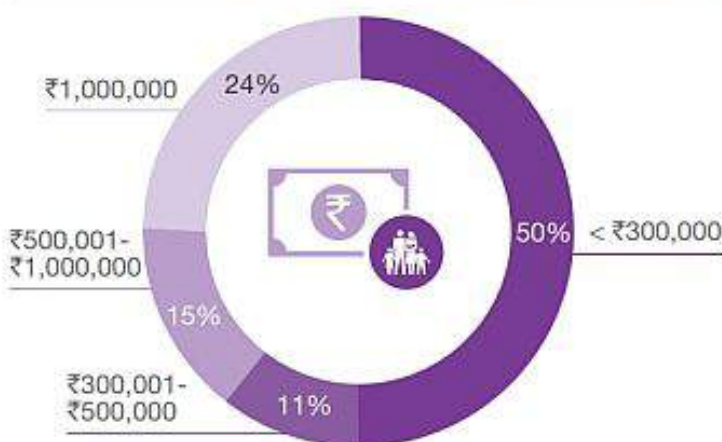
M.G. Road, Ashok Nagar, Lavelle Road,  
Richmond Town, Vasanth Nagar

Garuda Mall had the inherent advantage of being located in the CBD, which has a fair number of households with an affluent income, while its proximity to employment centres supported a large number of white-collar employees.

On the other hand, the region has a proliferation of traditional shopping streets, with a sizeable concentration of local brands, that attracted a different consumer base altogether.

**Thus, the challenge lay in a comprehensive understanding of the catchment in order to target the right customer with the right brand mix.**

CHART 1  
ANNUAL HOUSEHOLD INCOME SPLIT IN CENTRAL BENGALURU



Source: Indicus Analytics, Knight Frank Research

CHART 2

### Demographic and socio-economic snapshot in Central Bengaluru

#### Number of households

186,500

#### Total population

796,800

#### Average household income

₹1,194,503 p.a.

#### Average per capita income

₹285,619 p.a.

Source: Indicus Analytics, Knight Frank Research

An analysis of the catchment led the mall to realise that the majority of its customers belonged to the income level group of ₹600,000 and above.

The fact that 39% of the households in central Bengaluru belonged to the income category of ₹500,000 and above, resonated well with the insight. The analysis also threw light on the fact that these customers mostly preferred to shop for apparel, besides availing themselves of the mall's entertainment options.

**The target group hence lay in the age group of 25-35 years, who had the appetite for fashion brands and also the requisite spending propensity.**

Hence, it was decided to modify the mall's positioning from a neighbourhood retail centre to a lifestyle-oriented one. This led Garuda Mall to adopt the mantra of –

## Renovate–Upgrade–Market

Renovation brought about a sea change to the look and feel of Garuda mall, presenting it in a completely new avatar to the customers. However, the objective behind renovating



the mall was not only to enhance its appearance, but also to 'upgrade' itself. This was brought about by introspecting on various points. The brand mix had to be altered to cater to the target catchment, as well as bring in newer brands. With several leases coming to an end, the new tenure was reduced from 7 to 5 years, thereby increasing the scope of dynamism in the mall. Some of the leases were not renewed, to keep to the task of creating a new brand mix. On the other hand, a number of international brands were signed up, including the fast-selling fashion brand Forever 21.

CHART 3  
PRODUCT CATEGORY CONTRIBUTION



Source: Knight Frank Research

CHART 4  
EXISTING BRAND MIX



Source: Knight Frank Research

Another important lesson learnt during the period of introspection was to monitor and market the mall well. A strong leasing and marketing team was engaged to promote the mall's brand mix and its positioning as a fashion hub. The strategy paid off, and currently the mall lives up to its positioning by securing a brand mix where the share of fashion is 60%, fetching a revenue share of 77%.

The average trading density which was at a low of ₹1,500/sq ft (on carpet area) in 2012 soared to around ₹2,300/sq ft in 2015, reflecting a growth of 53%.





THINK INDIA.  
THINK RETAIL.  
2016

# IMAX



IMAX, Garuda Mall



CHART 5  
**AVERAGE TRADING DENSITY**



Source: Knight Frank Research

At the same time, the mall realised that altering the brand mix was not enough to increase its efficiency. Hence, it took upon another exercise that eventually had deep impact upon its revenues –

### Intelligent space management -right sizing for the right brands

It was imperative to reduce store sizes of several brands and arrive at a win-win situation for both the mall and the retailer. Essentially, this entailed the removal of dead spaces that lacked visibility and footfall. Thus, after much conferring and contemplation with the retailers, in a noteworthy step, store sizes that were allotted to anchor brands such as Westside and other prominent tenants like FabIndia were modified. This brought about Westside to reduce its store size from an area of 26,000 sq ft to a more efficient 20,000 sq ft.

Today, Garuda mall witnesses a healthy conversion rate of 30% in footfalls, that evokes a commendable stand. It learnt its lesson the hard way but was willing to take risk and give itself a new lease of life, instead of shutting shop. Smart analysis and understanding of its target market, the disposition to align itself to the needs of its target market and spend generously towards building a better brand mix and a better mall management have led this decade long retail establishment to hold on to its position as one of the most successful malls in Bengaluru.

### Key learnings



Need for a comprehensive understanding of its catchment – who you are targeting, who you are supplying



The right brand mix saves the day



Periodical re-evaluation of itself and likewise amendment of its positioning



Intelligent space management holds the key to higher trading densities





**Vishal Mirchandani**  
CEO, Retail & Commercial,  
Brigade Enterprises Ltd

"The consumer is a discerning person today with high aspirations and thrives on experience. It would not take gimmicks to sustain a shopping mall – it is the complete experience delivered to the customer, arising from a comprehensive understanding of shopping mall development and management that will deliver consumer delight and retention. Today, customers tend to reject trends quickly and at the same time tend to accept and stay loyal to a shopping experience, to an extent. This stickiness is the result of understanding consumer behavior and plans delivered, to bring forth a great experience."



TABLE 1

## MALL SNAPSHOT

Year of operation

2012

Gross leasable area (sq ft)

800,000

Number of car parking spaces

1,800

Number of stores

160

Anchor tenants

Zara

Westside

PVR

Average vacancy (%)

5-10%

Average footfall (per month)

0.85 million (2012)

1.6 million (2015)

Source: Knight Frank Research



# Orion Mall

## RAJAJINAGAR, BENGALURU

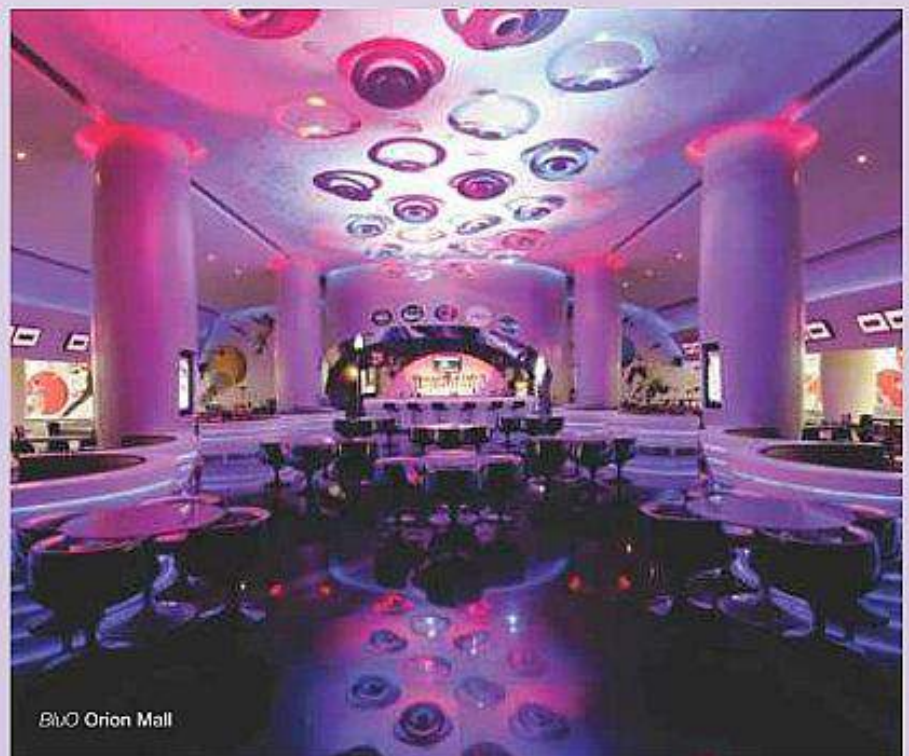
Located in the industrial belt of West Bengaluru, Brigade Group's Orion mall is one of the successful retail centres in the city, with an interesting operation strategy. The 800,000 sq ft retail venture was developed as a part of the ambitious Brigade Gateway project in Rajajinagar – a significant 40-acre development that changed the face of West Bengaluru's real estate landscape. While it is surrounded by six different types of real estate asset classes (residential, office, hospital, school, hotel and leisure), each having a substantial standing in the market, the mall, as a whole, commands its own sizeable clientele.

Table 1 emphasises the mall's achievement of being reckoned among the proponents of successful retail development in the country despite its relatively few years of operation. By its design, marketing strategy and mall positioning, it embodies the 'coming of age' of present-day developers who have learnt their lessons from the debacle of the early 2000s, which saw the rise and fall of several malls.

An analysis of Orion's growth trajectory as well as its catchment reveals an interesting facet –



Orion Mall



BVO Orion Mall



## Creation of a location advantage

West Bengaluru has typically been a heavily populated neighbourhood comprising the presence of a strong business community, and is relatively less cosmopolitan in character compared to other parts of the city. Besides, the region is prevalently perceived as an industrial area owing to the presence of the Peenya Industrial Area – one of the largest of its kind in Southeast Asia. These demographic and socio-economic factors were given prime importance while contemplating the viability of a mall in the region. A drivable distance of around 30 minutes from the mall formed the primary catchment, encompassing areas such as Rajajinagar, Malleswaram, Yeshwanthpur, Nandini Layout and Sampige Road, while the secondary catchment lay within a drivable distance of 45 minutes.

### Primary catchment of the Orion mall

Rajajinagar, Malleswaram, Yeshwanthpur,  
Sampige Road, Nandini Layout

The major hurdle to overcome in order to make the mall a success was to dispel the region's industrial tag and create a pulsating energy around the asset. The objective was to cater to the primary catchment, which had a substantial average household income, as well as residents from other parts of the city. However, in the initial stage, the focus was on attracting the affluent yet conservative residents of West Bengaluru. This was when the idea of creating a location advantage came to the fore.

In the absence of any prominent 'pull factor' in the region, it was decided to develop relevance around the project itself

CHART 1

### Demographic and socio-economic snapshot in West Bengaluru

Number of households

871,400

Total population

3,375,300

Average household income

₹1,061,313 p.a.

Average per capita income

₹286,333 p.a.

Source: Indicus Analytics, Knight Frank Research

and turn the location into a strong retail belt. Today, Brigade Gateway, of which Orion is a part, is a self-sustaining integrated enclave with 1,255 households, its own hospital, school and other supporting infrastructure.

**Essentially, the mall strived to create its own demand and this led consumers in the catchment to break their conformist shopping notions in favour of the multidimensional experience that was offered to them.**

CHART 2

### POPULATION AND RETAIL EXPENDITURE STATISTICS



Population ('000) in households earning > ₹300,000 Total annual retail spent - 2015 (₹ bn)

Source: Indicus Analytics, Knight Frank Research



A number of factors worked in favour of this strategy, the retail spend in the region being one of them.

Chart 2 shows that West Bengaluru has the highest retail spend in the city, with a total annual household retail spend at a whopping ₹187 bn, which is substantially more than the city's other zones. Thus, the presence of an affluent population base in the mall's catchment, with growing disposable income levels, offered a significant opportunity to retailers in the region.

**Another aspect that drove Orion to become a successful retail centre was a deeper understanding of the sector and the creation of a process-driven, professionally managed asset.**

This includes the comprehension of a basic tenet of consumer behaviour.

CHART 3  
PRODUCT CATEGORY CONTRIBUTION



Source: Knight Frank Research

## Customer rejection is a trend

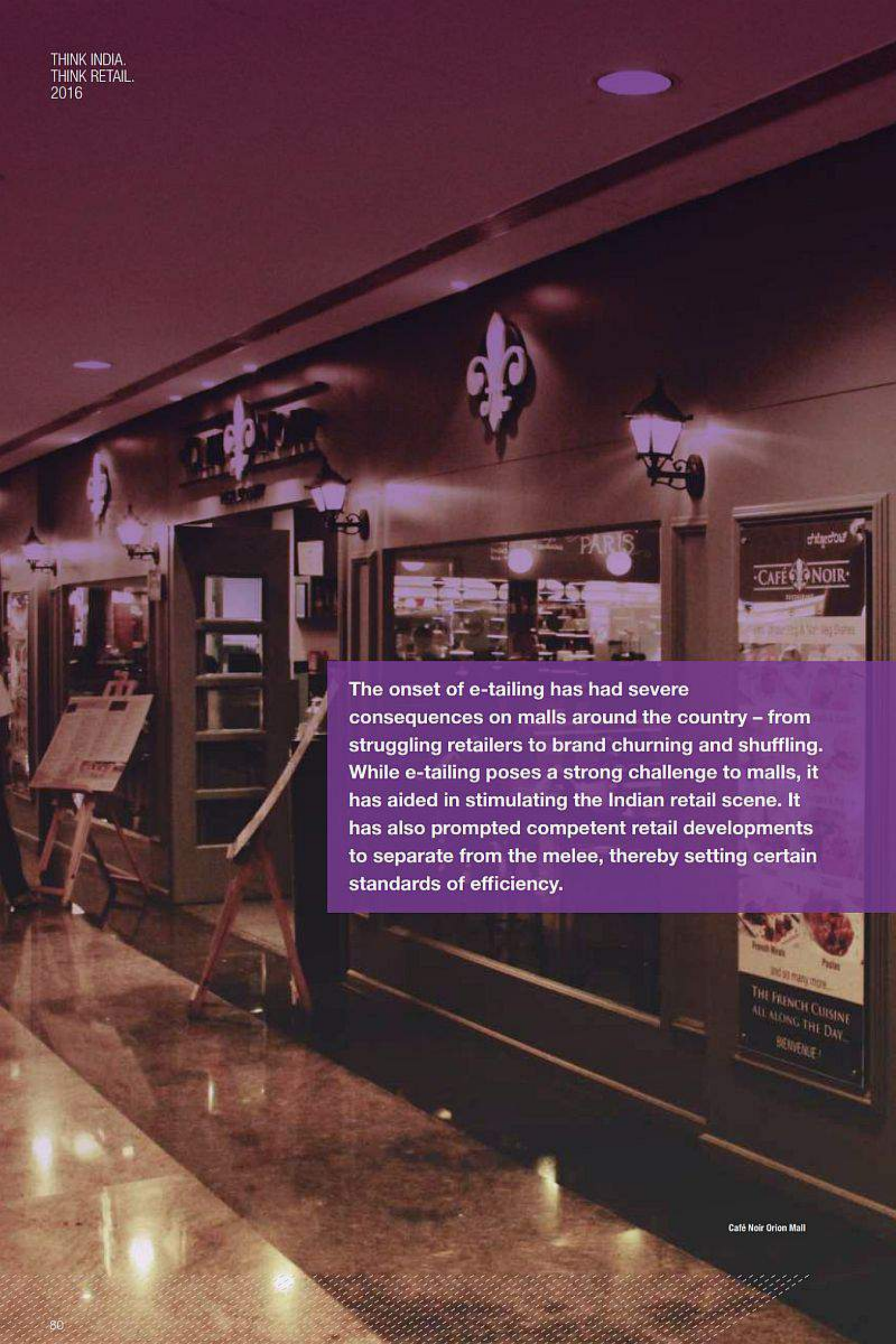
Given the plethora of retail experiences offered to the discerning customer at present, instant acceptance and rejection has become a trend. No amount of gimmicks would sustain a mall – it is the experience delivered to the customer that decides customer retention.

Orion hence conducts theme-based events, such as flower shows and wine festivals, at regular intervals in order to sustain customer interest levels. While fashion plays a key role in its brand mix, the mall has given importance to Food and Beverage (F&B) as well as entertainment options, thereby positioning itself as a destination centre. It also houses the 2,854-seat multiplex brand PVR, which earns the highest revenue among all its centres in the country.



Café Noir Orion Mall



The image shows the interior of a restaurant named Café Noir. The space is dimly lit with warm, ambient lighting. The walls are dark, and there are decorative elements like fleur-de-lis symbols and wall-mounted lanterns. A large window or glass partition is visible, with the word "PARIS" written on it. In the foreground, there are wooden tables and chairs. A purple text box is overlaid on the right side of the image, containing text about e-tailing's impact on retail. The floor is polished and reflects the lights.

The onset of e-tailing has had severe consequences on malls around the country – from struggling retailers to brand churning and shuffling. While e-tailing poses a strong challenge to malls, it has aided in stimulating the Indian retail scene. It has also prompted competent retail developments to separate from the melee, thereby setting certain standards of efficiency.



CHART 4  
**EXISTING BRAND MIX**



● Size of occupied mall space in the brand category

Source: Knight Frank Research

Entertainment and a continuous schedule of events in the mall have largely been responsible for its increasing footfall, which is presently at 1.6 million per month – an increase of 88 per cent since its inception in 2012. Owing to these strategies that define a destination mall, the average duration of customer stay at Orion is an impressive 215 minutes.

This has led to a healthy conversion of the mall's footfall – its current average trading density (ATD) is approximately ₹1,700 per sq ft on its carpet area as compared to its 2012 mark of around ₹1,000 per sq ft. This figure is expected to touch ₹2,100/sq ft in the forthcoming months.

CHART 5  
**AVERAGE TRADING DENSITY**



Source: Knight Frank Research

Orion, thus, sees itself in the successful bandwagon, owing primarily to a mantra that it firmly believes in: **There is no compromise on design and infrastructure.**

The mall's efficient design, brought about by collaboration between international and Indian architects, has been one of the factors behind its success. The engagement of international architects with a core competency in designing malls and the integration of their knowledge with their Indian counterparts, tracking the pulse of Indian consumers, led to the creation of a well-organised asset. Added to this, professionally managed services and a constantly evolving marketing strategy have enabled the mall to keep abreast of the latest consumer trends, thus retaining their interest.

Thus, despite the challenges of being located in an industrial area with a conservative catchment, Orion has managed to sally forth owing to a deeper understanding of the sector, professional attitude and above all, the operational strategy of creating a location advantage where there was none.

### Key learnings



Creation of a location advantage; building relevance and energy around the asset



A mall's success depends on the understanding of the sector and the creation of a process-driven, professionally managed asset



Customer retention is determined by the experience delivered



Marketing efforts have to be multidimensional and constantly evolving





**Rajneesh Mahajan**  
*Executive Director, Inorbit malls*

"Inorbit Malad commenced operation in Jan 2004. In last 12 years we have witnessed growth in residential catchment, consumption, retail offering and of course competition. We have tried to stay relevant to the catchment and provide high quality shopping experience to consumers. Along with bringing new brands into the mall we have also increased space allocation for F&B and entertainment, our efforts have resulted in year on year consumption growth through these years."

TABLE 1

## MALL SNAPSHOT

Year of operation

2004

Gross leasable area (sq ft)

550,000 sq ft

Number of stores

Over 100 stores

Anchor tenants

Lifestyle

Inox

Shoppers Stop

Average trading density  
(per sq ft per month)

₹1,600

Average vacancy (%)

<5%

Average footfall (per month)

800,000

Mall turnover (₹bn)

2.5 (2005)

6.4 (2015)

Source: Knight Frank Research





Inorbit Mall

## Inorbit Mall MALAD, MUMBAI

With a built-up area of 550,000 sqft, Inorbit in Malad is one of the most preferred shopping destinations in the Western Suburbs. The mall was one of the first few modern retail developments in the region. It is strategically located on the new Link Road and enjoys the residential catchment of the entire Andheri-Borivali zone. Conceptualized by the world-renowned, UK-based Chapman Taylor Partners, the mall houses a number of international brands, such as Charles & Keith, Clinique, Vera Moda, The Body Shop, Calvin Klein, etc.

Inorbit came up at a time when mall development was in its nascent stage in India. Retailers and developers had just begun to understand the importance of modern retail. It took a while for Inorbit to achieve 100% occupancy

and it was a challenge to get brands onboard. The mall started operations in 2004 with 70 brands. Biba, Catwalk, Ritu Kumar, Jashn and Tanishq were some of the first few prominent tenants of the mall. For certain brands, this was either an entry into a mall or the Mumbai retail market. After a few initial glitches, including low occupancy, the mall's performance stabilised. By 2007, Inorbit achieved an occupancy rate of more than 80% and was a bustling retail centre with ample options for F&B and entertainment. The economic slowdown and recession in 2009 had an adverse impact on consumer spending, which, in turn, was a setback for malls across the country. Inorbit was also affected by the slowdown. Subsequently, the development of new malls in the Andheri-Borivali zone impacted Inorbit's business.



Wills Lifestyle, Inorbit Mall



## Keeping the mall relevant to the catchment

A good catchment plays a key role among the many factors that impact the success of a mall. Growth in store sales is highly dependent on the spending capacity of the catchment population. Goregaon West, Malad West and Kandivali West constitute Inorbit's primary catchment. The mall also attracts consumers from an extended catchment due to the presence of several international brands and ample F&B options within. Inorbit boasts of having one of the largest multiplexes in the Western Suburbs, spread across 55,000 sqft. It was also the first to have a six-screen multiplex in the early 2000s. A socio-economic analysis of the Andheri-Borivali zone is a good indicator of the catchment's characteristics and spending patterns. This zone has the highest number of households with annual earnings of more than ₹300,000, compared to the other retail zones of the MMR. Moreover, more than a quarter of the households in this catchment area fall in the high-income category, with annual earnings of more than ₹1,000,000. The affluent population base, with growing disposable income levels, has proved to be a big opportunity for retailers in the mall. Likewise, the catchment boasts the highest retail spending in the city: the total annual retail expenditure of the households in the Andheri-Borivali zone is ₹292 bn.

CHART 1

### Demographic and socio-economic snapshot in Andheri-Borivali zone

Number of households

999,000

Total population

4,252,500

Average household income

₹1,570,000 p.a.

Average per capita income

₹370,000 p.a.

Source: Indicus Analytics, Knight Frank Research

CHART 2

### POPULATION AND RETAIL EXPENDITURE STATISTICS



Population ('000) in households earning > ₹300,000

Total annual retail spent - 2015 (₹bn)

Source: Indicus Analytics, Knight Frank Research

During 2009–2015, the size of the mall's catchment grew and so did the expenditure, as the population base moved up the income ladder. This growth in income levels and the increasing retail expenditure of the zone has had a highly positive impact on Inorbit's revenues. However, meeting

consumer expectations became a challenge due to the size of the mall. Additionally, Infinity II, which is substantially bigger, came up in the same zone, presenting stiff competition. It was imperative for Inorbit's management to devise strategies to keep it relevant to the customers.



## Resizing and rezoning the stores

The vanilla store sizes in Inorbit ranged from 500 to 700 sqft. This was a challenge, as several brands were looking for bigger store sizes, which the mall could not offer. Merging stores was not a very feasible option, as the mall had rigid zoning for different product categories, such as women's apparel, kids' clothing, non apparel, home products, etc. It was very difficult to relocate the stores due to the existing zoning; brands preferred to remain adjacent to similar brands. It took a while for the management to create more flexibility – brands were shuffled wherever required. It took about five to six years to change the kids' zone to a non-kids' section. Over a period of time, they brought in more flexibility and resized the stores, which helped in accommodating new brands.

## Renovate-refurbish

Visiting malls is now a recreational activity, and a customer's experience is not limited only to the shopping options available. The design of the mall, usage of common areas, ease of movement, lighting, air-conditioning, washrooms, etc. play an important role in creating the right environment for the customer and making the experience a memorable one. Inorbit underwent a renovation and refurbishment drive in 2009–2010, wherein the tiles were changed and the columns redesigned to increase the ease of movement and visibility. All the washrooms were air-conditioned and ambient lighting was introduced. This was done to keep up with the competition and the retail industry. Initiatives like this have ensured that customer interest does not fade away and the mall remains relevant, despite the presence of many new malls nearby.

## Re-thinking the tenant mix

Besides the renovation and refurbishment, an understanding of the existing brand mix was undertaken to analyse the productivity of each brand. Initially, when the mall started operations, nearly 78% of the space was occupied by anchor stores, such as Spencer's, Lifestyle and Fame, which left limited space for other brands. There was a need to alter the existing brand mix to cater to the target catchment and bring new brands into the youth fashion category. Moreover, a study of the performance metrics at the product category-level revealed that the mall's productivity was decreasing due to the hypermarket and the kids' category. Hence, a conscious decision was taken to reduce the size of the anchor tenants and introduce new fashion brands, such as Vero Moda. The mall eliminated the kids' section because the brands therein were not keeping pace with the catchment requirements. Later, they reintroduced the category and got Mother care on board. These rearrangements helped in repositioning the mall and improving the average trading density.

Inorbit's management was also successful in capturing the emerging trends back then, and intervened at the right time to keep up with the changing dynamics of the mall industry. The modification of the F&B and entertainment offerings was a step in this direction. The number of F&B options was increased and new players, such as The Pint Room, Chili's and The Irish house, helped in creating a differentiator. The mall currently has a good mix of café, QSR and fine-dining options catering to the needs of the catchment. Likewise, after looking at the latest trends, the entertainment offering was resized to accommodate bowling.



Inorbit Mall





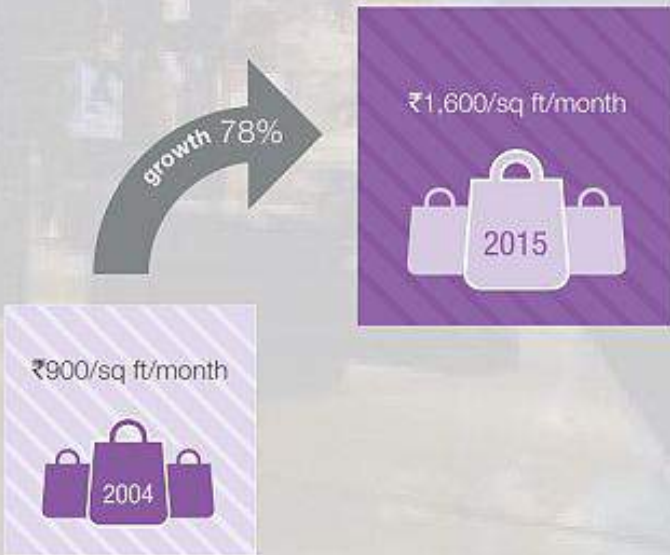


CHART 3  
**PRODUCT CATEGORY CONTRIBUTION**



Source: Knight Frank Research

CHART 4  
**AVERAGE TRADING DENSITY**



Source: Knight Frank Research

Despite competition from new malls, Inorbit has been able to maintain its position because of consistent performance checks and an understanding of the changing catchment requirements. The mall's management has also invested in its infrastructure, which has reaped good results and helped retain its position as a successful mall.

### Key learnings



Intervention at the right time; devising strategies to remain relevant to customers



Right tenant mix, balance of anchors and non-anchors



Periodic re-evaluation and revision of its positioning



Diligent planning and usage of space to optimise revenue





### Nirzar Jain

Vice President, Oberoi Mall

"The key to run a successful mall in India is to keep evolving, based on customer needs and expectations. Today's customer is well travelled and has an array of shopping options. One can only attract their attention by creating a differentiator which engages them over a period of time. The strategy to delight our customers is achieved by keeping the brand mix dynamic and carrying out exciting marketing activities to gratify them."

TABLE 1

## MALL SNAPSHOT

Number of parking spaces

1,000

Mall area

700,000 sq ft

Current vacancy

5-10%

Mall leasable area

552,000 sq ft

Footfall (per month)

750,000

Number of stores

90

Anchor brands

Forever 21

Lifestyle

PVR

Mall turnover

₹2 Bn (2010)

₹8 Bn (2015)

CAGR OF 32%

Footfalls

500,000 (2015)



# Oberoi Mall GOREGAON, MUMBAI

Oberoi mall is one of the most sought-after retail destinations in Mumbai's Western Suburbs. The 700,000 sq ft retail development is located on the Western Express Highway. The mall is a part of the 80-acre Oberoi Garden City project, a self-sufficient integrated township with residential and commercial development, an international school and a mixed-use building with a five-star hotel. Being right at the highway, the mall has a huge location advantage. Seamless connectivity with other parts of Mumbai benefits the mall to a great extent.

Oberoi mall is categorised as a regional mall as per the definition of the International Council of Shopping Centers (ICSC). A regional mall has a gross regional area in the range of 500,00 - 1,120,000 sq ft; apparel has one of the largest shares in such malls. A regional mall typically has

two or more anchors that are its main attractions.

CHART 1  
**PRODUCT CATEGORY CONTRIBUTION**



Source: Knight Frank Research



PVR Cinema Oberoi Mall



FOREVER 21 Oberoi Mall

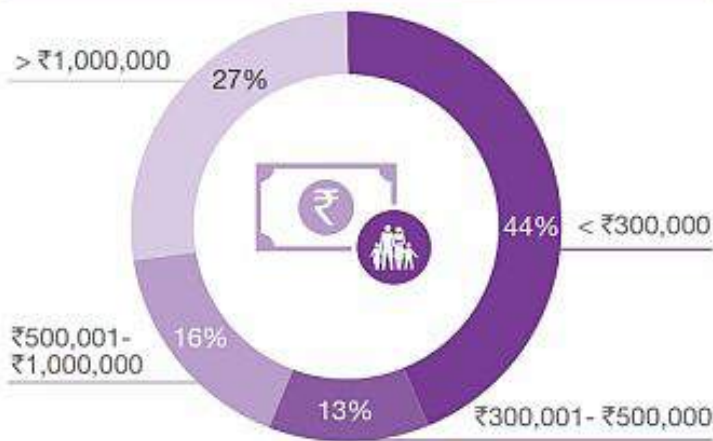


## Catchment is the key

By virtue of being located in Goregaon East, Oberoi mall benefits substantially from the middle to high-income population in the vicinity. The mall's primary catchment consists of areas such as Goregaon, Malad East, Jogeshwari East and Kandivali East – all located a 15–20 minute distance away. However, the primary catchment is extended due to the mall's location right at the highway. Oberoi mall can be reached within 30 minutes from Andheri, Goregaon West, Jogeshwari West, Malad West and Borivali East. Therefore, the entire stretch from Andheri to Borivali acts as a catchment for the mall. Additionally, the Western Express Highway has witnessed a number of mid- to high-end residential project launches in the last five years and continues to be a hotspot for renowned developers. All these projects have seamless connectivity to the mall, as a result of which, there is a significant increment in footfalls with each passing year. The Andheri–Borivali zone has the highest number of households with an annual earning of more than ₹300,000

compared to the other retail zones of the MMR. Moreover, more than a quarter of the households fall in the high-income category, with annual earnings of more than ₹1,000,000 in this catchment area. An affluent population base with growing disposable income levels has proved to be a big opportunity for retailers in the mall. Likewise, the catchment boasts the highest retail spend in the city: the total annual retail spend by households in the Andheri–Borivali zone is ₹292 bn.

CHART 2  
ANNUAL HOUSEHOLD INCOME SPLIT IN ANDHERI-BORIVALI ZONE



Source: Indicus Analytics, Knight Frank Research

CHART 3  
Demographic and Socio Economic profile of the catchment

### Number of households

999,000

### Population

4,252,500

### Average per capita income

₹370,000 p.a.

### Average household income

₹1,570,000 p.a.

Source: Indicus Analytics, Knight Frank Research

CHART 4  
POPULATION AND RETAIL EXPENDITURE STATISTICS





## Evolving mall positioning and brand mix

One of the major factors that have contributed to the success of Oberoi mall is the management's ability to understand the changing demographics and socio-economic profile of the catchment, and devise strategies to incorporate the changing needs of the consumers. Oberoi mall's positioning has evolved over a period of time: from a mid-segment mall to a mid- to high-end mall, it has come a long way and continues to offer new brands to consumers. The mall's management has researched the existing brand mix thoroughly and strategically brought in new brands to keep pace with the changing consumer profile – from middle class to upper-middle class and now, a high-income population.

**As a strategy, the mall does not aim for 100% occupancy, so as to keep the brand mix dynamic.**

To add new brands which require prominent positions in the mall, certain existing occupiers are relocated on other floors. However, this move has rendered 'win-win' outcomes for the mall as well as the brands that are shifted. Some examples of brand shuffling are Nalli moving from the ground floor to the first floor, Adidas relocating from the ground floor to the second floor and Crossword moving from the third floor to the second floor to make space for new brands. The onset of new brands and rearrangement of certain existing occupiers ensures customer experience is refreshed and that their changing

expectations are met constantly. In order to achieve the desired brand mix and to be able to shuffle them, the lease tenures have been shortened. Typically, the lease tenures fall in the range of 15–18 years for anchor tenants and 9–10 years for vanilla tenants. However, in the case of the Oberoi mall, the lease tenure for anchor tenants is 9–10 years and 3–5 years for vanilla stores.

Currently, there is a balanced mix of national, international and regional brands in the mall, which attract customers from different socio-cultural backgrounds. Forever 21, Lifestyle and PVR are the three anchors in the mall.

CHART 5  
EXISTING BRAND MIX



Source: Knight Frank Research





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Oberoi Mall

## Managing space: Making it an experience

Mall management is another important aspect that influences the success of a shopping centre. Mall management encompasses facility management, day-to-day operations, security, marketing, leasing and customer handling. The Oberoi mall management has ensured that other than the usual upkeep of the mall's premises, space utilisation is also optimised. The mall's layout continues to evolve, based on the feedback received from customers and retailers. It currently has no dead space or hidden corners. Mall stores have good visibility, including those located at the end of the aisles. Other than the food court, there is space for a food joint/café on each floor, the latest addition being Theobroma on the first floor. The management believes in reinventing the space to keep customers engaged. Also, there are a number of promotions that attract customers to the mall and help retailers in getting additional business. The fact that the mall management is dedicated entirely to customer feedback suggests that a dedicated mall management is one of the most important pillars in creating a successful mall.

### Key Learnings



Catchment- the most important driver



Brand and product mix to commensurate with the change in the catchment population



Aiming for 100% vacancy is NOT the key



Space availability enables mall management to offer a refreshing experience to consumers in terms of new brands and relocation of certain existing occupiers





**Mr. Yogeshwar Sharma**  
Executive Director,  
Select Infrastructure Pvt. Ltd.

"Our state-of-the-art facilities, quality services, and commitment to customer satisfaction have won us the trust of thousands of visitors from Delhi and from around the world. We have been honored with numerous awards as the most admired shopping centre by many independent organizations. We make your shopping experience complete with our integrated services!"

TABLE 1

## MALL SNAPSHOT

Year of operation

2007

Gross leasable area (sq ft)

512,000 sq ft

Number of key stores

180

Anchor tenants

H&M

Zara

Homestop

Average trading density  
(per sq ft per month)

₹2,800 - ₹3,000

Average vacancy (%)

0%

Source: Knight Frank Research, Select Citywalk

Select Citywalk is based on strong principles of design, human connect and hospitality, and through its design, positioning and marketing strategy, it has set a fine example of how to make a mall successful. Today, Select Citywalk is the most sought-after retail space in India for any brand. An analysis of Select Citywalk's growth trajectory and its catchment reveals interesting nuances about this destination mall.



## Select Citywalk SAKET, NCR

Located in Saket District Centre, Select Citywalk is one of the most successful malls in NCR and the country as well. Rightly positioned in one of NCR's prime residential catchment areas, the mall is a 1.3 mn sq ft retail development that includes a multiplex, serviced apartments, offices and public spaces. The mall was developed by Select Infrastructure - a joint venture

between Select Group and Aarone Group. The bidding for the project took place at a DDA auction in 2003, and four years later, in October 2007, Select Citywalk was thrown open to the public. Select Citywalk is one of the first major malls planned for the Saket District Centre, including the neighbouring MGF Metropolitan Mall and DLF Place.



Select Citywalk

Zara Select Citywalk



## An affluent residential catchment

South Delhi is one of the prime residential addresses of NCR and the country. The neighbourhood houses upwardly-mobile business families and technocrats that give it an affluent ambiance. Select Citywalk's well-heeled residential catchment gave its conceptualisers a clear vision for the positioning of this mall. While other malls have primary and secondary catchments, Select Citywalk had the advantage of being located in the midst of an established prime residential catchment of South Delhi.



CHART 1

### Demographic and socio-economic snapshot of South Delhi

#### Number of households

971,571

#### Population

4,494,438

#### Average household income

₹1,223,250 p.a.

#### Average per capita income

₹264,384 p.a.

Source: Indicus Analytics, Knight Frank Research

CHART 2

### TOTAL EXPENDITURE ON MODERN RETAIL IN NCR



🛍 Total annual retail spend - 2015 (₹bn)

Source: Indicus Analytics, Knight Frank Research

The prominence of this posh neighbourhood can be ascertained from the fact that South Delhi has the highest modern retail expenditure in NCR. With a whopping ₹71 bn annual expenditure on modern retail, the neighbourhood surpasses the city's other zones. Thus, the presence of an affluent population base in the mall's catchment, with increasing disposable income levels, offers a significant opportunity to retailers in the region.

In addition to the locational advantage, the mall's concept planning and positioning, a clear vision of the target customer base, and an understanding of the retail sector and the finer elements of the hospitality industry were greatly responsible in creating this success story. Today, Select Citywalk is professionally run by a process-driven system that strictly adheres to its basic principles.



## PRINCIPLES OF SELECT CITYWALK



### Getting the basics right

#### **A clear vision – ‘She is my customer’**

##### **Design brief: Let the market be your guide**

Since the mall already had a locational advantage, all that was needed was a clear vision that would synergise with its market, and Select Citywalk had its vision in place right from the start - to be positioned as a one-stop destination for beauty and fashion.

Unlike other malls that first create a real estate asset and then try and infuse life into it through leasing, Select Citywalk’s planners adopted a different strategy. They first got their marketing and leasing teams on board to envision the mall space, not as a real estate asset but a retail dream in the building. These teams helped decide the anchor and vanilla tenants and determine their sizes.

##### **Design features**

Design plays a very important role in the success of a mall, and the development team at Select Citywalk incorporated minute details of circulation planning and design into the concept. For instance, the placement of escalators and columns were given attention to create a

“float” sense, wherein the customer’s vision is not hindered and they “float” through the mall. The mall also developed a 1 lakh sq ft outdoor open plaza, ‘Sanskriti’, to give the mall a sense of openness. The area is used for art festivals, exhibitions, fairs, performances and al fresco dining. The plaza is beautifully landscaped with greenery, water and an open-air amphitheatre.

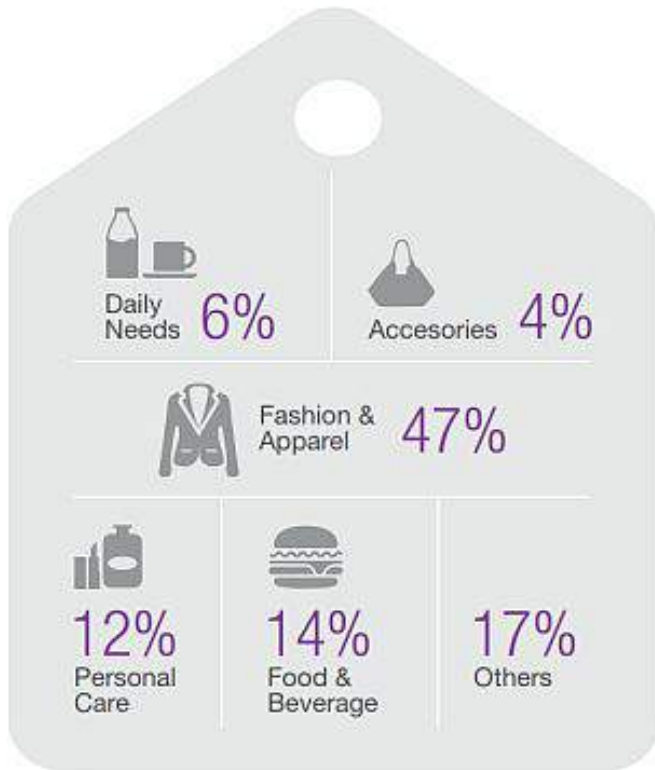
##### **Tenant mix**

To decide the tenant mix, Select Citywalk works on a “wallet share” concept. For instance, the tenants are decided keeping in mind the wallet share and frequency of purchase for each product category. This concept helps in deciding on the tenants as well as the share of national and internal brands in the store.

The right tenant mix can lead to an increase in a customer’s “dwell time” - the average time one spends in a mall - and this, in turn, would lead to an increase in the spending per visit. Since women tend to have a longer dwell time than men, the tenant mix of a fashion- and beauty-centric mall had to have a higher percentage of beauty and fashion brands.



CHART 3  
SHARE OF EXISTING BRAND MIX IN OCCUPIED  
MALL SPACE



*Knight Frank Research*

### Hospitality angle

Shoppers spend more when they are happy, and instead of being only a real estate asset, the mall engages in a human connect with its customers. Right from hiring employees, architects, concierges, conducting staff training and creating changing rooms for babies to the welcoming nature of every stakeholder, Select Citywalk takes every effort to make one's shopping experience positive and memorable.

### From the boardroom to the block

Select Citywalk's journey did not end once it was open to the public - this was the beginning of the actual groundwork. A good catchment and sound design enabled the process of giving the country a successful mall, and the management employs various strategies at regular intervals to maintain that success.

### Constructive dissonance – 'Dissonance has more power than resonance'

Select Citywalk's management believes that resonance can be reassuring and misleading at the same time. Feedback is a very important factor required to reinvent and keep up with the market, and is strongly followed at the mall. Apart from in-house feedback, Select Citywalk also has a core group, comprising socialites and Delhi's elite, which gives candid feedback on the latest trends, upcoming brands, etc. This helps the management remain in sync with market trends. This exercise provides futuristic feelers about the expectations of the target customer and makes the management aware of any snags in the system.

### Always alert – 'Reaction time is the key to solving a problem'

Reaction time is of vital importance while running a successful mall. The management conducts a monthly analysis on product categories and reaches out to brands that have not performed up to their threshold mark. The management is also quick in its reaction time and works with the concerned retailer to address challenges agreeably before the brand becomes a burden on the category.

### Evolving daily – 'Change is the only constant'

There is no perfect formula to run a mall. Things that might have worked in the past may be obsolete today, and thus, it is important to constantly reinvent the mall as a brand. Employing strategies, such as extending the mall timings to 11 p.m. to attract late-night moviegoers or organising events, fairs and celebrating festivals, keep the mall alive and relevant to its visitors while also keeping it in sync with its catchment.

The management also takes small initiatives to keep abreast with the customers' needs and wants. Besides using data analytics for predictive analysis of customer behaviour and future trends, the management invests heavily in staying in touch with its human angle as well. Services such as soft-skills training programmes for the staff and store managers, hands-free delivery and mall assistance help make the shopping experience a pleasant one.



## Coexisting in harmony

Select Citywalk is one of three malls in Saket District Centre. Select Citywalk opened in 2007, while the adjacent DLF Place opened in 2008. Both malls enjoy the same prime South Delhi catchment, and since they are part of an integrated development, they appear to be a single mall. Going forward, it is this perception that the management teams of both malls intend to leverage as their strength. The two malls are already conducting joint events and promotions to make Saket a retail destination and to make shopping a memorable experience for the customer.

CHART 4  
GROWTH IN FOOTFALLS – AVERAGE FOOTFALL (PER MONTH) IN MILLIONS



Source: Knight Frank Research, Select Citywalk



## Key learnings



Select Citywalk is not only a real estate asset but also a centre of human interaction



A clear vision about the positioning of the mall defines its goals



Retail is the end of the road for the retailer and his product. Hence, the retailer and developer need to do their best to please the customer



The right tenant mix, keeping in mind the mall's vision, saves the day



Happy employees and mall management percolates to the consumers and a happy customer shops more



Constant feedback facilitates improvement



The use of technology to assess consumer behaviour and trends offers additional advantage



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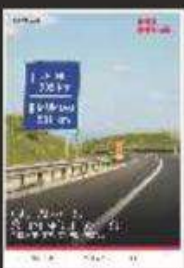
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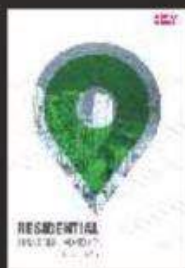
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