

## 'FDI in retail sector will boost mall growth'

KPM BASHEER

*A mall is a modern community centre where you can spend quality time: Susil Dungarwal, founder of Beyond Squarefeet*



Kochi, February 6:

Dungarwal says foreign direct investment in the retail sector will give a boost to the mall culture. In an interview, he also shares his views on the economics, business strategies and ecosystems of malls. Excerpts:

### **Your job title sounds (Infosys) NR Narayana Murthy-sque.**

I was looking for an innovative designation. I found 'managing director' unexciting and routine. Our firm is not a consultancy, but a provider of hands-on advice for developing, managing and making a mall successful. My job is like a car mechanic's – I help the mall-car in running condition. It's said that the highest paid employees at the BMW are the mechanics as they are so skilled that BMWs rarely need to go to mechanics.

### **Why the name, Beyond Squarefeet?**

In the mall business – in fact in the entire retail real estate business – everything is measured in terms of square feet. Our firm adds value to square feet and thus deliver beyond square feet. People can easily relate to the firm's name.

### **Your service is rather unique. What exactly is it that you provide to your clients?**

Everything to make a mall successful – market research, feasibility study, conceptualization, branding, positioning, construction co-ordination, marketing, leasing, reorientation, and management. I come from a mall-managing background; I was the CEO of a couple of malls. So, I see things from a mall developer's, retailer's and customer's perspectives. Ours is perhaps the only mall advisory in India that provides such a whole range of services.

### **What is your idea of a mall?**

A mall is a modern community centre where you can spend quality time with family or friends, shopping, eating, and watching movies or entertainment events. It's a collective experience, not an individual thing.

It's not just about shopping; it is shopping-plus-plus. Leisure, convenience, comfort, safety are all important factors. Parking is very important—for every 1000 sq. feet of mall space, there should be parking space for four to five cars.

### **The economics of mall?**

A mall is a big business investment requiring hundreds of crores of rupees – the minimum is ₹ 150 crore. It takes four to five years to get a project off the ground. There is a mine of opportunities for the mall business in India as the income levels are rising and people are spending big on consumer goods. Major corporate houses are now diversifying into mall development.

The business models are evolving. Previously, a property owner would construct a mall on his vacant land and happily rent the space to retailers.

The current trend is towards a revenue-sharing model whereby both the developer and the retailers enter into a long-term relationship and revenue is based on the business turnover of the retailers. This ensures the continued interest of the developer in adding value to the mall.

**Many malls have closed shop, how come?**

The mall culture is relatively new in India; it's constantly changing. So the malls should change in tune with the times. They should keep on innovating to provide scaled-up experiences to the customers. Holding frequent exciting events, shopping carnivals and entertainments will help.

**The Centre has approved FDI in the retail sector and a Bill is currently before the Rajya Sabha. How will FDI in retail impact development of malls?**

It will definitely give a boost to the growth and spread of malls. It will bring in a lot of international retailers to India and the consumers will get much wider choices and much better deals. Competition will intensify and technology also will get updated.

**Finally, what is Beyond Squarefeet's revenue model?**

Based on square feet, mostly.

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