

Mall Mechanics

By Susil Dungarwal

Over the past decade, malls have heralded a retail revolution in India. Proof of the matter lies in the rate at which malls have been springing up. But the lack of true understanding of the mall and the resulting quality leave a lot to be desired. This creates the need for shopping centre consultants to step in at the planning stage itself.

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Development comprises the process of conceptualising, positioning, zoning and deciding the tenant mix, promotional activities and marketing of the mall as well as facility and finance management. All these put together ensure that the mall targets the right audience and garners the correct responses from them not only to make the mall a successful destination, but also to ensure that the retailers gain maximum benefit, and therefore, the mall developer.

Until the recent past, around 700-odd malls had been planned, out of which about 180 are today operational. Many have not even moved beyond the drawing board. Out of the approximately 180 operational malls, only about 12 per cent can be deemed successful. Many projects, then, just end up being structures, which are a collection of unplanned and unrelated stores, with no focus on the target customer.

The need for mall development has highlighted itself just by looking at the low success rate of malls in the country. The root cause of many mall failures is that most developers plan to build a mall before

space or recognising a gap in the retail space. Another key reason for failure of a mall is that more than 90 per cent of the malls in India are a sale model i.e. the mall/retail space is sold to various investors during the construction period itself which in turn defies the control of the mall tenant mix and hence leads the mall to fail. However, the key reason for the mall to not to do too well/ successful is that they are not planned well. Most malls are designed from the elevation to the interior than the other way around. In India, research/feasibility tests are hardly done before the planning stage. There is a hurry to sell/ lease the space without examining the mix of retailers in the mall. Pre-determined positioning is not done and there are unbalanced categorisation, unstructured space

allocation, unplanned zoning and tenant mix, insufficient parking, inadequate services, high Common Area Maintenance (CAM) and poor post-building management and most importantly, the developer ceases to be involved in the functioning of the mall. With all these faults, the need for inclusion of mall development and management in the construction stage is pressing, as it not only saves money for the developer in the long run, but also helps build a successful image for the mall.

Today, both retailers and capable mall developers have realised that it is important to change their strategies for their mutual success. Both the parties have become more open to the thought of taking advice from experienced and professional advisory companies



that have gone through the grind of making successful malls. Now, mall developers don't chase the leasing consultants or IPCs, instead they are on the lookout for Mall Advisors or Mall Mechanics, who will help them make a successful mall from scratch.

Following are the important factors to be considered while planning and developing a mall:

Location: Just because a developer owns a huge piece of land in some faraway location does not mean that he could build a mall. Or just because there is a huge residential colony around does not make it suitable for a mall either. An ideal location for a mall is a good



Above: Magnet Mall – Atrium Perspective; Left Page: Magnet Mall Earthzone Perspective

malls around. A research on the affordable levels of residents in the catchment area is a must.

While deciding on the location of a mall, it is important to analyse the kind of alternatives a resident in the catchment area has.

Access & Approach: Once the right feasibility of the mall is made, it is very crucial that you examine the accessibility and approach to the mall including the ease of access, road width, 'U' turns, and other hurdles in a radius of about five km. This plan will help

to understand and estimate the footfalls to the mall in the zoning years.

Retail Tenant mix: This is a big stumbling block to developers and retail companies. Many mall developers find it fashionable to develop a luxury mall, not knowing that the people in the locality may not be able to afford it. A developer has to realise that mall is a localised business and he has to keep in mind the kind of retail mix he wants to have while planning a mall. One big problem that most malls face

today in India is the absence of mid-sized retail companies.

Project Viability: For long, the developers and retail companies had a standoff when it came to deciding the rentals. It is a huge task to get the pricing right, but we see a change in the attitude of the developer and retail companies. For instance, mall developers and retail companies have begun implementing what is now popularly called minimum guarantee and revenue share arrangements.

This in a way puts the onus of making the mall successful on the developers as well. With the trend picking up, developers have begun realising the importance of involving mall experts who not only do the research before construction to decide whether or not a mall is needed. The experts help in the design elements till tenancy stage and in managing the day-to-day running of the mall, including disaster management. A mall mechanic will help integrate mall security with the disaster management team to minimise danger and reaction time.

Mall Positioning

Primarily, a mall can be divided into various zones, the prominent ones being shopping, movies, entertainment, food court and the promotion areas. To manage all these zones, a specialised skill set is required. Mall development encompasses minutely planning all these zones, but the process starts right from the beginning, i.e. with positioning. The positioning of a mall will determine how the developer should proceed. For example, if the developer and mall manager have examined the area in which the mall is to come up and if it is a high net worth individual area, where spending and cash flow is very high and the residents are globally savvy, it would make sense to have a luxury mall. The positioning of the mall will automatically cater to the high class, and focus will be on exclusivity. Also, right from the brands that make up the mall, to the kind of dining services that are

promotional activities that the mall engages in, all elements will be determined solely by the positioning that the mall chooses to adhere to. This will also determine the kind of advertisements that go out, the areas where the advertisements are put up, the different media that should be used, etc. The entire functioning of the mall is custom-made to echo the positioning of the mall.

One very important thing that developers must cater to, especially when malls have been inspired by international formats, is to remember their Indian consumer. It is imperative that malls are designed and positioned to cater to the consumer in India, keeping in mind the culture, social habits and characteristics of the average person. For example, malls in India largely play the role of community centres. They are places where the entire family comes to spend time together and therefore, malls must cater to the husband in a corporate job, the housewife and the children with stores that display toys, a gaming centre and an entertainment centre, food court and general store that cater to all. A holistic approach to the Indian consumer will ensure that footfalls increase and eventually, both the developer and the retailer benefit from them. Studies prove that a majority of the buying decisions are made in the mall itself and mall management takes full advantage of this consumer behaviour to provide planned positioning and strategic placement to the retailers.

Another very important factor is the common area. If a mall has been well planned and developed, the CAM will be very low and will require minimum attention for the next 10 years or so. It is important that the developer takes the onus of the CAM in the initial stages. This sends the message to retailers that the developer is as interested in the success of the mall as they are. A successful mall is the onus of the developer and if he remains involved, not only will the reputation of the mall be built, the retailers will also be happy.

Mall Reorientation

Sometimes though, if the mall consultant has not been engaged in the planning stage itself and the developer has already made his mistakes with the mall, mall reorientation comes into the picture. Even though more costly than mall development at the planning stages, reorientation always helps salvage a failing project. This begins with the understanding that the mall builder ensures the mall built has to be sustainable for at least 20 years for all the retail businesses to make money. While there is very little one can do in such a situation, with the help of experienced and professional mall reorientation experts, the mall can still be salvaged. Before understanding what needs to be reoriented in a mall, the failures or hiccups in the system need to be studied in detail. While there could be many parameters of when a mall shopping complex can be defined as a failure, the main attribute to a failure of any shopping complex is decline of customer entry (footfalls).

There are a few examples in the country where such reorientation has helped mall developers and the occupants. Currently, Neptune Group's Magnet mall in Mumbai is being reoriented by mall advisory firm Beyond Squarefeet. Here, the entire mall has been redesigned, restructured, the retail mix has been reshuffled, the plans have been put into place considering consumer psychology, thus resulting in the

WE REFER TO OURSELVES AS MECHANICS, BECAUSE WE ARE BASICALLY PEOPLE WHO ACTUALLY GET UNDER THE HOOD RATHER THAN JUST SIT IN A CABIN AND TALK.

consumer being enticed to spend more money and for better reasons. The location and design of Magnet Mall provide the perfect canvas to create the ultimate shopping experience for the educated and time-pressed shopper. The mall is



Above: Magnet Mall old floor plans (Left: Ground floor; Right: First floor)
Below: Magnet Mall new floor plans (Left: Ground floor; Right: First floor)



multiplex and Mumbai's biggest food court. Magnet Mall would be the first in Mumbai to have a huge floor plate of about 250,000 sqft, 100 per cent power backup and multi-level parking facilities. Slated to open in mid 2010, the mall already has Metro, a cash and carry hypermarket

mall, however if done systematically, there are fair chances of it being a success. The process can be more cost effective than building a new mall. The reorientation can bring in better footfalls, better occupants, better designing and hence better returns which will culminate into



chain from Germany. Magnet Mall would be the first on this large a scale and Beyond Squarefeet will guide Neptune Group in marketing the space in the mall, apart from the mall management itself.

It has also to be clearly noted

better valuation. Efficient mall management requires individual focus on all the key components – demographic analysis of the area, conceptualisation and designing of the mall, zoning, layout, facility management, leasing and finally, marketing and promotion of the

Facilitators of Change

We refer to ourselves as mechanics, because we are basically people who actually get under the hood rather than just sit in a cabin and talk. We physically change things and start from the layout of the mall because we feel that the most important portion for the mall is the way it is being laid out, to entire shopping by consumers.

The perspective while making malls is the convenience, visibility accessibility and most importantly the time taken (shortest time taken) to reach a particular store. A mall should never look like a maze and should be more like a progressively inviting carpet. As you move along, the consumer should feel a pull towards each store, it's a psychological effect. And this pull happens due to the design of the mall. The layout has to be very customer friendly, allowing every retailer to have his frontage, signage and store visible, because eventually mall is about a retailer's insight. So, for me the inside of the mall is more important than the outside of the mall. Unfortunately, for most of the malls in the country, the elevation is made first and then the

layout. The right way of doing a mall is making the layout first and then completing the elevation.

Even if you have a basic box structure, but if the tenant mix and the mall layout is good you can be assured of the success of the mall. Normally architects show the



Above: Magnet Mall Old Elevation; Below: Magnet Mall New Frontage Post-makeover



which looks good and the developer likes what he sees. No thought is given to the layout or to the kind of retail inside, often leading to disastrous bottom lines and failures.

A Mall Mechanic does the complete opposite because he comes from a strong retail background (Me and my team have spent 70 man-years in retail). So we know what a retailer looks for in terms of the area, location, design, positioning and layout of a store. A mall developer looks at various things when he is developing a mall – he's looking at investment, the kind of ROI he is going to get, the kind of money he is going to spend, and how he is going to market the mall.

So an advisory team sits as the third party in a meeting with the knowledge and understanding of what the developer wants and what

the retailer wants. They would be paying more than what they had budgeted initially... but then in the long run, they would only save another 20 years of maintenance. We advise on material, design and the other things that need to be taken care of right at the design stage.

We come into the scene when a developer has a plot of property and has an intention of making a mall. We do the market research; advise on the size of the mall, the concept, the positioning and hiring of the architect. We amount the developer to hire the architect based on the concept and position of the mall, we prepare a proper brief of the entire project, including brief on the layout, the kind of amenities required, services required, vertical and horizontal transportation required, signage's required, etc.

We help the architect create a

layout which is user friendly, retailer friendly and developer friendly. We then move into the construction coordination, we also do the Project Management Control (PMC) for the mall developer. We play a role of a project/ quality auditor, ensuring that what is built is what we had planned.

Mechanics at work

By the time our company, Beyond Squarefeet, could come on board, a certain amount of construction of Magnet Mall had already been done and we could not undo the existing construction. So within the parameters of the structure available, we have done what we could.

As per the initial plan of Magnet Mall, there was just a cluster of shops. The ground floor had four sets of small shops without any

design layout. So the solution was to go by categories. We created islands of retail, ensuring that each shop is fairly big enough while retaining the existing four atriums. Each atrium has different themes – air, water, fire and sky. Earlier there were 18 shops per cluster (18x4 per atrium). These 18 shops were converted into six shops, which are fairly large sized, with four corner shops per island (four islands per atrium). The cluster now looks clean and simple, the circulation panel has been altered, the front facing shops have been changed into slightly larger space. On either side of the entrance, a few of the shops have been converted into cafes. This gives non-shoppers or the old and infirmed mall visitors a place to sit and relax while shoppers go about their shopping.

The earlier design had only

one small toilet service block for the entire huge plate. We diverted traffic by making two sets of huge toilet service space on either side of the plate on every floor. The number of toilets was increased four times.

In zoning plan (which is different from the layout plan), based on the science of shopping, we classified which shop is for whom. For example, a shop selling ladies jewellery would be placed close to the entrance because a woman shops the most and spends the most money. We would then place a dress boutique or an ethnic wear shop right next to the jewellery store, ensuring that footfalls in one store would automatically spill over into the next store – thus ensuring sale for both stores. So, basically there is a lot of science involved in deciding which shop goes where. We then take this “science of shopping” to every store, every floor, and every corner of the mall.

In the second floor, the original plan had the food court and many shops. The food court was removed and instead mini anchors were put. Each mini anchor is about 6m000 sq.ft shops which are unique and different from each other and coming from various parts of the country. The original plan had a ground plus two plan, we have changed that to ground plus three.

The food court is moved to the third floor which also now houses a 10-screen multiplex with five speciality restaurants. The food court is integrated with the biggest family entertainment centre, which is a seamless thing. The food court will be a 70,000 sq.ft two-level food court which will be the biggest of its kind in Mumbai. Then there is an alley for fine dining. The entire floor is dedicated for children. Children drive the footfalls in any mall and based on their love for climbing, we moved the entertainment zone to a higher level (the third floor). There will be certain amount of noise pollution, but we believe that noise arising out of the entertainment zone would be welcome sound for families eating or relaxing in this zone.

All the services have been

planned with great thought. The kitchens have been placed way in the back, the service lifts have been placed with great accessibility to the kitchens.

In terms of safety, this is the first Disaster Management Planned mall in this country. The plate itself demanded that we have enough precautions or exists from the mall. The mall has 12 vertical exit points (staircases) connected from the second level basement to the terrace. All the exit points are on the outer periphery, ensuring that the people are thrown or taken away from a disaster to the outer places of the building during evacuation.

There are four sets of escalators through the building. There are capsule lifts and travelators for people to be able to push their trolley from the hyper-market to their cars in the basements. The mall also has a drivers lounge in the basement which is equipped with antennas that ensure that drivers can be contacted on cell phones; they can watch TV or play some games and there is a small canteen where they can buy refreshments.

The mall has designated planned smoking zone and music poles where people can plug in their disks, download and listen to music. It will be 100 per cent Wi-Fi enabled. The mall has the highest number of chairs and tables in the lobbies and on all floors. The mall is 100 per cent wheel chair accessible.

The terrace will be the best part of planning. It gives a view of the Eastern Express Highway and Vashi. It has two restaurants – indoor and outdoor. Another one is a themed restaurant with a bowling alley. We are also planning a banquet area. A certain part of the entertainment would be taken to the terrace, maybe for adventure-thrilling games. The chiller plants and exhaust pipes are placed towards the rare of the terrace. Also being planned is landscaping on the terrace. Overall, the terrace will be complete entertainment area by itself.

We have re-engineered with the focus of the end customer and the occupiers.

From a normal shopping centre to Bergamo

The developer in this context had a background of being a premium label garment exporter, who wanted to develop a small shopping complex on Khader Nawaz Khan Road, the golden mile of retail in Chennai. The developer had already appointed an architect and the architects were given a brief to develop a premium shopping centre, upon which the architects created a modern looking elevation with cluttered floor plans, which were almost approved by the developer.

It is at this point that we got in touch with the developer and advised him to relook at the whole thing. Looking at our past credentials the developer agreed to relook at the whole thing, provided we do something which is not only better but also easy to market. Since the location was a well known high street in Chennai, the first thing what we did was to carry out the research on the retail space demand in the catchment. At the same time, to understand not only the customer spending power but

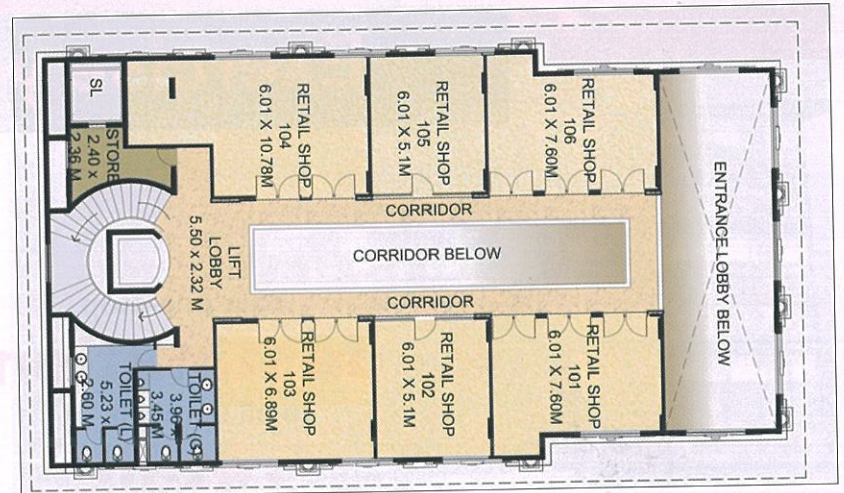
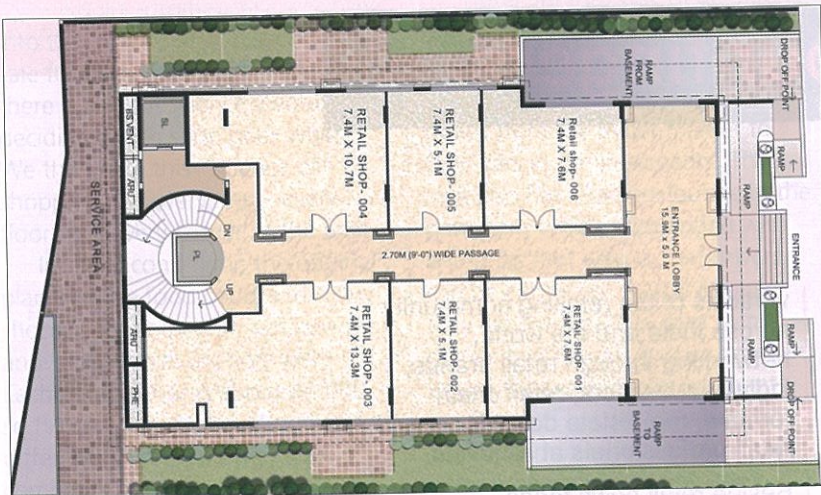


Above: Bergamo Mall as it used to look;
Below: Bergamo Mall new perspective post the makeover





Upper Row: Bergamo Mall old floor plans (Left: Ground Floor Plan; Right: Typical Floor Plan).
Lower Row: Bergamo new floor plans (Left: Ground floor plan; Right: First floor plan)



BERGAMO: Before and after

Heads	Before	After
Concept	Modern	Italian
Cost of Construction	3,800/sq.ft.	5,500 / sq.ft.
GLA	17,986 sq.ft	28,387 sq.ft
Expected rentals	Rs. 150	Rs. 225
Efficiency	40%	55%
Circulation	Confused / waste	Street look / centre-aligned
ROI		>43% over previous

also to understand the key demand for a retail space. The conclusion of the research was clearly indicating that there is a dearth of luxury retail space in Chennai, hence we had concluded that this centre should be luxury focused.

“Bergamo” is a little town in Italy near Milan, which is a manufacturing hub of Italian luxury brands. We focused the entire positioning and plans of this centre around Bergamo and created a layout that looks very similar to

the main street of Bergamo and thereafter we created the elevation taking inspiration from a famous building in Bergamo. The entire plan was made to give the customer the feel of luxury shopping. The huge double height entrance lobby with the aroma therapy water body led to a large luxurious passenger lift down the entire aisle thereby driving the customer through all the stores. Since Bergamo was created to house the finest luxury brands, each store front was planned differently so that

each store not only looks different but also allows the respective brands to create their brand identity unlike normal malls where all the store fronts are same. The aromatherapy water body at the entrance was created to change the mood of the shopper from a high street environment to a street of luxury.

The configuration of the stores was made in such a manner that they could be resized without any much architectural/ infrastructural change and with no extra cost. Keeping in tune with the concept of luxury, Bergamo had a viewing gallery and luxurious double height lounge for people to relax and unwind. The double height ceiling was given a sky print to make the place look like a street with ambient lighting to complement. Needless to mention, the entire flooring and cladding of the walls was done with Italian marble with

wrought iron railings, aged lamps, and embedded with many Italian paintings in the lobbies and galleries.

The transformation from a modern looking structure to an ageless look of “Bergamo” did cost the developer more, but this also eventually ensures that they get much better rentals and valuation for the project. Today, every luxury brand in the country is aspiring to be a part of this glorious “Bergamo”. ●

About the author:

Susil Dugarwal is founder & chief mall mechanic of Beyond Squarefeet Advisory Pvt Ltd, a boutique mall advisory company. He has been involved with reputed retail real estate projects, spanning more than 20 million sq.ft.

