



Mall Reorientation

and *Mall Mechanics*



Over the last decade, malls have heralded a retail revolution in India and 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 mall consultants to step in at the planning stage itself.

Susil Dugarwal, Founder and Chief Mall Mechanic of Beyond Squarefeet, writes about the need for mall developers to see the difference between mall as a business and as a real estate.



Mall management comprises the process of conceptualizing, positioning, zoning, 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 place, but also to ensure that the retailers gain maximum benefit.

Till the recent past, around 700 odd malls have been planned, out of which about 170 are today operational. Many have not even moved beyond the drawing paper. Out of the 170 operational malls, only about 12% 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 consumer.

The need for mall management has highlighted itself just by looking at the low success rate of malls in the country. The root cause of mall failure is that most developers plan to build a mall before examining the need for the retail space or recognising a gap in the retail space. More than

90% 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. In India, research/feasibility tests are hardly done before the planning stage. There is a hurry to sell the space without examining the mix of retailers in the mall. Pre-determined positioning is not done and there are unbalanced categorization, 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 management in the construction stage is pressing, as it not only saves money for the developer in the long run, but also helps build an image for the mall.

Today, both the retail company and retail real estate company have realized 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



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professional advisory companies who 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 look out for Mall Advisors or Mall Mechanics, who will help them make a successful mall from scratch.

Following are the important factors to consider while planning a mall:

In the year 2010 many malls of huge size ranging between 800,000 and 1.2 million square feet will come up. The coming year will also see a lot of new formats in the mall and retail business.

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 catchment area, without other 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.

Retail Tenant mix: This is one big stumbling block to the 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 localized business and he has to keep in mind the kind of retail mix he wants to have while planning a mall. One big problem which 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 big deal to get the pricing right, but we see a change in the attitude of the developer and retail companies. For instance, the mall developers and retail companies have begun implementing what is now popularly called revenue share agreements.

This in a way puts the onus of making the mall successful on the developer as well. With this 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 National Disaster Management team to minimise danger and reaction time.

Mall Positioning

Primarily, a mall can be divided into various zones, the prominent ones being Retail, Entertainment, Food Court and the Atrium. To manage all these zones, a specialised skill set is required. Mall management encompasses overlooking all these zones, but the process starts right from the beginning, i.e. with Mall 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 available, to the tone and style of 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 tailored 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 the 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 store 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 a 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 management 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 10 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 hiccoughs 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, however 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 Magent mall in Mumbai is being reoriented by mall advisory

At the end of the day, mall management is to mall, what a good business plan is to an entrepreneur - a set of rules that cater individually to each project, and that is best handled by those who understand the business. Reorienting a mall is a science by itself and should be left to the Mall Mechanics.



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 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 shopper. The mall is spread over 10,56,000 sqft in Bhandup, with a 10 screen 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% power backup and multi-level parking facilities. Slated to open in mid 2010, the mall already has Metro, a cash and carry hypermarket chain from Germany. Magnet Mall would be the first on this large a scale and Beyond Squarefeet will guide the Neptune Group in marketing the space in the mall, apart from the mall itself.

It has also to be clearly noted that reorientation of a mall does not guarantee the success of the 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 better valuation. Efficient mall management requires individual focus on all the key components – demographic analysis of the area, conceptualization & designing of the mall, zoning, layout, facility management, leasing and finally, marketing & promotion of the mall.

Facilitators of change

When we call ourselves as mechanics we are basically people who actually get under the hood rather than just sit in a cabin and talk. We physically change things and we 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.

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 a 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 planning the elevation.

Even if you have a 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 developer a design (of an elevation) 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 line.

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 he knows 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, to the kind of money he is going to spend, to 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 hire the architect, give him the 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 do the Project Management Control (PMC) for the mall developer, monitor the PMC – we are the PMC auditor company; help in creating the mall brand, mall leasing, marketing and finally, mall management.



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 the 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 some 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 the 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.

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 6000 sqft 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 10-screen multiplex with two 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 sqft 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 a welcome sound for families eating or relaxing in this zone.

This mall has three of the best intellectual groups working on it – the initial architect, then the design firm Forrec and Beyond Squarefeet. We brought more of a practical expertise of running a mall to the table. We believe in making customer friendly layouts.

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 shops. The hyper market is planned on the first floor, with the service lift close to it and the loading-unloading bay placed right behind the hyper market with service lifts.

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 exits 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 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 the 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 zones and music poles where people can plug in their disks, download and listen to music. It will be 100% Wi Fi enabled. The mall has the highest number of chairs and tables in the lobbies and on all the floors. The mall is 100% wheel chair accessible. There are wheel chair accessible toilets on alternate floors.

The terrace will be the best part of the plan. 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 also are planning a banquet area. A certain part of the entertainment would be taken to the terrace (subject to approval) maybe for adventure-thrill games. The chillier plants and exhaust pipes are placed towards the rear 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 or reoriented the mall.



Susil Dugarwal
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Old

Ground Floor Plan



New

Ground Floor Plan



From an unimpressive mall to Bergamo

Beyond Squarefeet worked as Mall Mechanics to a premium shopping concept in Chennai. The city lacks any luxury retail space. We concentrated on what the market space or the customer wanted and created something that is timeless. The same set of architects who worked on this project, were briefed by us.

The mall was called Bergamo and created around the concept of a town with the same name in Italy where all the international brands are manufactured. The entire layout has been designed with a centre aisle which looks like a street of Bergamo. If you stand at the entrance and look in, you will get the feeling of looking down a street in Bergamo. Every store has a different frontage. A huge luxurious passenger lift down the centre aisle ensures that customers are driven all the way down the street and every store gets the same amount of visibility. The entrance has a double height lobby which also has aroma therapy water bodies on the ends. So as soon as someone walks into the mall, the aroma therapy water bodies change the atmosphere in the mall and give a feeling of luxury and take one away from the dust and pollution of the street that one walked in from.

There is an Irish lounge on the second floor for people who are not interested in shopping or for people who want to relax after shopping.

The mall is situated close to the sea and so the terrace is very airy and cool during the evenings. We converted the terrace to an entertainment zone with a restaurant and a lounge that would be open after 4pm onwards only.

The difference before and after:

Concept	Modern	Italian
Cost of Cons.	3800/sqft	5500/sqft
GLA	17,986	28,387
Expected rentals	Rs150	Rs225
Efficiency	40%	55%
Circulation	Confused / waste	Street look / center aligned
ROI	-	>43% over previous

