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Photos: PRIYANKA PARASHAR

Directors Arjun Sharma and Neeraj Ghei with their core team at Select Citywalk: the premium mall has reserved the Dome for its luxury offerings

The premium path to luxury

SHUCHI BANSAL goes shopping to find that phase one of mall developments is over while phase two, a mix of global and homegrown premium brands, is paving the way for phase three and its high street luxury retail

She drives a Mercedes SL500 convertible, her shoes are Jimmy Choo, the bag carelessly slung on the seat is Louis Vuitton. And when she got tired of going abroad to suss out the latest Fendi and Van Cleef & Arpels collections, Sonica Malhotra did what any girl with a sensible head on her shoulders would do—she initiated business negotiations with her favourite luxury brands, to bring them to India. When MBD Zephyr opens for business at the start of 2010 at Whitefield, Bangalore, it will have 7,00,000 sq ft of luxury retail space housed in a colonial facade, right next to a 450-key luxury hotel and 1 million sq ft of parking space.

But India won't have to wait all that long for its first high street address. By then, the gap would have been plugged by DLF in Delhi where its Emporio is readying for completion. The realty major is shy of sharing the entire tenancy mix of Emporio, but luxury promoters are beating down the still-kuccha road to study the infrastructure that will allow them to retail outside of five-star hotels from where they have been operating. Cartier, Chanel, Gucci and Fendi have already signed up with Emporio. "We are in the process of launching more such malls in some of the major metros," says Arvind Nair, managing director, retail leasing, DLF Retail.

The Delhi-based developer is launching 20 malls in an assortment of consumer mixes with Emporio placed in the super-luxury segment. "Our USP lies in the tightly targeted product and brand mix, supported by design features, services and facilities that best suit the format," says Nair. This leap from overcrowded, mid-market, brand-driven malls teeming with teenagers on dates to the rarefied world of high street luxury is less sudden than



MGF Metropolitan (above) and The Great India Place (right) are premium malls that have raised the bar for luxury malls to follow

it might appear, for even as you read this, premium labels are launching their anchor stores at malls that have raised the bar and are the transition point between these two extremes. A recent study by Technopak Advisors indicates that the market opportunity in the luxury and premier segments stands at Rs 64,000 crore today spread over 1.6 lakh homes. With luxury making up 9 per cent of this, the 91 per cent premier segment also need to be addressed. And that is precisely what the rollout of new malls is doing, even as it reserves a section for luxury retail.

Picture this. Stepping off the Delhi Metro Rail at Noida, on the outskirts of New Delhi, you cross the platform and board a monorail to take you to a 150-acre

shopping and entertainment destination a kilometre away. Other than 1 million square feet of mall space, the site boasts an 85-acre amusement park complete with an artificial lake for boating. If the complimentary monorail ride and trendy destination looks like something in Genting Island, or Macau, think again. Real estate major Unitech has already opened part of The Great India Place, and the amusement park and monorail will unravel in phases over the next three years.

Move to Saket in south Delhi and stop by the recently opened Select Citywalk, a 1.4 million square feet shopping mall developed by travel trade biggie Arjun Sharma. His company, Select Infrastructure, has invested Rs 500 crore in a mega

project of wide open spaces and a range of premier foreign brands including MAC and Clinique. As he watches buyers toting away bags with Esprit or Nine West emblazoned across them, Sharma defines his target consumer quite clearly: "We are not an FEC (family entertainment centre). This is a destination for the serious shopper in the 30-years-plus age group."

The next generation malls are here, they're huge and clearly targeted at the high spender. More sentient of their tenant mix, they are no longer undifferentiated with their mix of local retail brands and fast food. Instead, they are choc-a-bloc with premium Indian brands as well as foreign labels not seen in India before. UK's Debenhams, for instance, has made its India debut through Ambience Mall in Gurgaon, and will next be seen in Saket. Explaining the reason, Unitech's retail head, Munish K Baldev, says: "There is too much supply. Everybody needs a differentiator." Points out Arvind Singhal, chairman, Technopak Advisors: "It's not difficult to see why mall developers are becoming more focussed. A mall's primary customers—the retailers—are not content with footfalls. They are looking for conversions." Obviously malls need to target sharply and maximise spends.

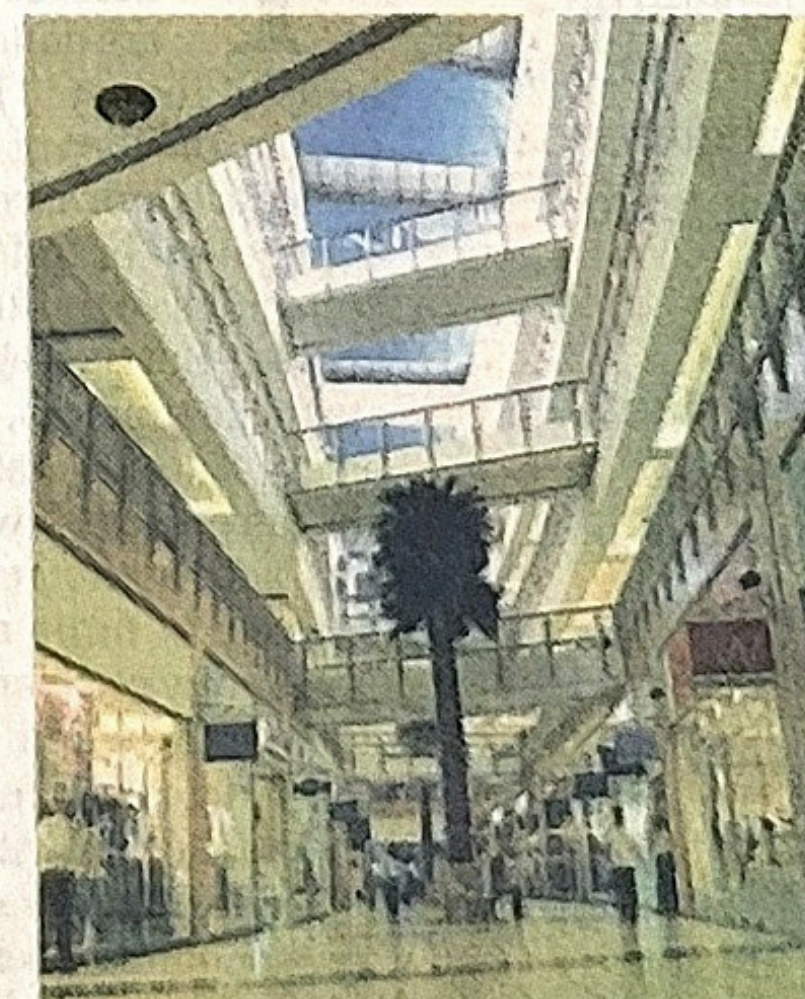
Besides, size matters. Atul Goel, director of Essel Group's E-City Entertainment India, agrees that the upcoming malls are anything but small. "It is important to give customers critical mass for shopping," he observes. Mall sizes have also grown because there are many more retail brands on offer today.

Though Ambience Infrastructure's executives were not available for comment, the company's newly launched Ambi Mall in Gurgaon is said to be 1.3 million square feet in size with walkways that run a kilometre long. It will boast of an 11-screen multiplex when complete. The company's two mall projects (the other is in Vasant Kunj in New Delhi) are reportedly pegged at Rs 1,000 crore.

But it isn't just Delhi and the NCR that boast of giant-size malls. The E-City malls in tier II and tier III cities are 500,000 square feet and more. Collage Group's flagship mall project in Jalandhar is also being developed over 450,000 square feet. The retail company, owned by the Somdatt Builder family, is eyeing large projects—30 acres in Bhopal and 15 acres in Dehradun. Along with jumbo size mall formats, developers are also paying attention to other infrastructure extras. At Select Citywalk, for instance, Arjun Sharma is adding a hydraulic lift for wheelchairs near the steps to the mall's cinema theatre cluster run by PVR. Unitech boasts of 32 escalators and 28 elevators. Extensive and hassle-free parking is another plus that players in the organised retail industry are offering. While The Great India Place has

room for 8,000 plus cars, Collage Group vice chairman Amit Khaneja insists he will leave 10 acres free for parking at his Bhopal mall. "The effort is to drive customers," says Munish K Baldev, head of retail at Unitech Limited. "Very shortly you will see our buses plying on Noida roads to take customers to the mall."

Again, to draw consumers, a differentiated proposition is a must. The Unitech mall boasts of a water park and a five-star hotel. Select Citywalk has created an amphitheatre with fountains, and will maintain a garden (sacrificing parking space on the ground level) with neigh-



Not everybody agrees the next generation mall is here. "Developers go by their personal prejudices and the circles they move in and define the customer accordingly," says Kishore Biyani

bouring malls MGF Metropolitan and DLF Courtyard that will convert this area into a premier shopping experience—other than the service apartments that are not yet operational. "The amphitheatre can be used for classical concerts or rock band performances," says Sharma. He has also introduced wi-fi enabled kiosks with a centralised billing system for credit cards at the mall to be hired by the craftsmen who sell their wares at Dilli Haat. "These will be available to them for 30 days at very low rents. The craftsmen will

get exposure to organised retail."

It's not that a Barlata or a Nirula has been eliminated from these places, but they have created ample room for fine dining restaurants. Select Citywalk, for instance, is negotiating with celebrity chefs for its premier restaurant space. Inspired by the developers, perhaps, the cinema owners in the premises are also launching super premium services. If PVR is introducing its premier class complete with Lazyboy chairs, Adlabs is trying to get a liquor licence for an auditorium that will have coupe seating for twosomes. "Everyone is moving up the value chain. We have also raised the bar," says Sharma.

True, Select Citywalk has created the Dome to showcase the international luxury brands Sharma is not willing to disclose just yet—though Ferragamo was one of the earliest to sign up. Unitech, too, is shy of spelling out the names of its tenants for its Garden Galleria, the 500,000 square feet wing being done up for luxury brands. At MBD Zephyr in Bangalore, Sonica Malhotra says it will have 80,000 square feet of carpet space for India's largest luxury anchor tenant. Even though Mazhar Kotwal, director at management consultancy KPMG, says India is not yet ready for absorbing large format luxury malls. "You could have a dedicated floor, or they may work in a small format like CR2 in Mumbai. Large malls need anchor tenants to bring in the footfalls," he says.

These new malls are not just about premium spaces but also about the concept of tenant mix. Labels that Sharma says they have "incubated" for the first time at Citywalk. In India, so far, the tenant mix has been flawed, believes Singhal, while it has been more consistent in other countries. Clearly, say analysts, the new malls are focussing on zoning aimed at synergising brands with common consumer targets. Not only that. The number of brands under one roof has gone up with developers assimilating over 200 retail stores in their malls. An oversupply of retail space is pushing companies to create more brands, too. The Raheja group has launched Arcelier, a personal care store for women, while Pantaloon is experimenting with a brand new Sports Bar.

Singhal says that Inorbit in Mumbai was among the earliest malls with a good brand mix. "To be fair, the new malls are better targeted though still at an experimental stage. It is hard to see why a Big Bazaar is coming up next to Debenhams or a Pantaloon in the same mall as, say, MAC. You will not see a Macy's next to Wal-Mart anywhere in the world," says Singhal. (The reason, though, may be more complex than it appears. According to some, space by Kishore Biyani may have been reserved for Pantaloons across premium malls, as an entry point for Zara, with which it is believed to be in discussions—though nothing is confirmed yet.)

Pranay Sinha, president and CEO of Select Infrastructure, believes that the Indian consumer is pluralist. "South Delhi does not buy only luxury brands," he says. Besides, how many luxury brand stores can a city take, asks Munish Baldev.

Not everybody agrees that the next generation mall is here. Kishore Biyani, chairman of the Future group that owns the Pantaloon and Big Bazaar retail brands, views the new developments with scepticism. "Mall developers go by their personal prejudices and the circles they move in and define the customer accordingly. I'm waiting to see if conversions take place in this second stage of mall development."

E-City's Atul Goel feels the malls are undergoing a segmentation process. "Lifestyle malls already exist and we are present in that category through our Fun Republics in Mumbai, Chandigarh, Ahmedabad and Lucknow," he says. Now E-City is focussing on what it calls its "value" malls to bring together all the hyper-market brands under one roof. The brand has not been christened yet but at least two properties are underway, one each in Hyderabad and Udaipur. The company is developing 20 million square feet of organised retail space in the next five years in tier II and tier III cities, and already manages 3 million square feet of mall space. "I'd say lifestyle malls are already here. What are yet to emerge are value malls and luxury malls," says Goel.

Even the smaller towns are seeing the emergence of large format malls. "Till now what they have are more like shopping complexes," says Baldev. Collage, E-City, Unitech and DLF have several projects underway. Unitech is eyeing 18 malls in the metros and the state capitals and the projects are between 500,000 square feet to 1 million square feet each. For its Jalandhar and Amritsar malls, the Collage group has already signed on Dubai's popular Jumbo Electronics and Lifestyle as its anchor store.

Despite Biyani's cynical view, Technopak's Singhal is optimistic about the next generation malls, nor does he fear a glut any time soon. There cannot be, he insists, for despite the millions of square feet being developed as destinations, organised retail is only 4 per cent of total retail. A whopping 96 per cent is still in the unorganised sector. That's a gazillion square feet of retail space waiting to be developed. And the players are in place...