

(M)ALL management

The Era for Specialists

There are around 1,000 of malls in India, out of which 20 percent are successful. Considering it one can imagine the amount of bad investment lying in the Indian retail real estate industry. It is believed that the secret of success is known to the person who has failed the most. Unfortunately, nothing is more inaccurate than this in the shopping centre world.

By Anand Sundaram

The shopping centre industry is full of case studies of mall companies that continually churn up one successful mall after another, and on the other hand

a plethora of companies whose malls- well just never launched. They just opened, stayed for a while and died a quiet death. The reason in hindsight, as always is apparent. Most large developers knew the power of a specialist and created specialist teams that have constantly grown and evolved to try and ensure that their assets deliver what is desired to their consumers and their retailers.

The Wonder Years

I call the early shopping centre years of the Indian retail real estate as the wonder years. It was a beautiful uncomplicated business to be in. In the days of yore, one could build a reasonable structure, retailers would take up stores and shoppers would come in. But then came the era of the informed Indian shopper. He was visiting places, malls and came back with tales of

experiences he has never imagined. Unlike Darwin's evolution theory which took hundreds of years, this evolution was complete in less than half a decade. Retailers quickly realised this and so they evolved too. Suddenly, mall science came into the picture. There was a great need for much more focused design of the building, store demarcations were altered and suited to the emerging retailer needs. There





was now great emphasis on electro-mechanical services and an environment graphics started to play a key role in positioning the centre. Developers of course did not do this with only their home grown team. This was achieved using expertise of international architects and firms and the result was quite clear. India was now home to excellent quality assets, spaces and services that both the customers and retailers could relate to and one that looked very promising. Unfortunately, many malls still did not perform. Management of such under performing malls is key as there has to be the same quality focus once the mall is launched as it was when it was whilst in the design and build stages of the asset.

Enter the specialist

The need for third party specialists therefore becomes clear and present, as it they who deep dive

into core issues and enhance the emerges operational and strategic performance levels across the asset. It is the specialists who determine how much of an increase in performance across dimensions is acceptable and how much phenomenal. Its their relevant depth of knowledge and skills across verticals helps businesses outperform.

The difference between any regular business and a retail real estate asset is that it is a living and breathing entity. Infact, most malls have a certain soul to them, so,etching that a consumer feels as soon as he enters the parking area. In an era where trends change as frequently as a quarter and the length of an era is now less than a decade, it is imperative that one continually adapt and adopts new techniques, trends and acquire new learnings to stay relevant to the ever changing needs of the informed consumer. A higher level

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of performance is now a given and anything less than 100 percent is rejected by the consumer.

Teamwork Works

The need of the hour is not to have a single maverick that brings out an idea, but to have a team of mavericks that continually work towards delivering results that makes the difference between good and the awe inspiring. What is therefore required is a crack team of specialists who span disciplines such as is a need for a team that comprises of specialists from disciplines as wide as Marketing, Engineering, Leasing, Fit-outs and even accounts and finance, who not only have an indepth know-how of this industry but also have a firm grip on emerging trends amongst retailers, customers and the needs. While some of the developers have been visionary and have been successful creating such teams, most have not. The result – many of these malls today are very high quality buildings but earning far below their potential. While the agencies appointed by them are able to keep the mall clean, equipment running and provide the basic levels of services, they are falling short on delivering the key overall result – that of an increased

valuation of the centre which is tightly coupled to the levels of consumption at the mall. If we study the international models of management, it is clear that we need integrated specialist teams that create and align very high levels of performance. Teams who are able to maintain assets better, operate the assets at a different level of customer consumption and best of all, sustain these over time despite changes in the market scenarios.

ROI- What Matters Most

The increasing competition in the market and rapidly evolving customer needs does point to a clear need for investments to be better managed. As specialists, it is their job to ensure that annuity yields and valuation are amongst the highest. While generalists and property consultants have been able to manage malls thus far, it is only a matter of time that prudent investors in this sector also realise that there is a clear need for specialists to ensure an above average sustained return for their investments. ●

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