

A STUDY ON RETAIL SPACE ANALYSIS OF ENTERTAINMENT INDUSTRY

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ABSTRACT:

The purpose of this paper is to present a survey of customer preferences of entertainment in different malls of NCR and analysis of space allocated to these malls. The objective is to assess the preferences of the customer and retail mall manager, its space analysis, problems and opportunities for growth.

A survey questionnaire was designed and administered to 200 customers and 10 different malls managers. Data was also collected through e-mails and open-ended face-to-face and telephonic interviews.. Secondary data was collected from published articles, industry reports and the Internet. Data collected was collated in SPSS and analyzed. Finally, survey findings were presented before a selected group of customers/mall managers for confirmation and validation of results.

The survey provides significant insights to customers and mall managers about different malls. It is expected that the findings of the survey would help managers assess the current situation and make informed decisions in terms of allocation of space marked for entertainment. This survey presents an in-depth analysis of the Retail industry, preferences of customer in malls, mall manager's viewpoint of space allocated in malls for entertainment of customers.

KEY WORDS: *Survey, Entertainment, Customer Preferences, Analysis, Space allocation*

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INTRODUCTION:

THE GLOBAL RETAIL INDUSTRY: AN OVERVIEW

Retail has played a major role world over in increasing productivity across a wide range of consumer goods and services. The impact can be best seen in countries like U.S.A., U.K., Mexico, Thailand and more recently China. Economies of countries like Singapore, Malaysia, Hong Kong, Sri Lanka and Dubai are also heavily assisted by the retail sector.

Retail is the second-largest industry in the United States both in number of establishments and number of employees. It is also one of the largest world wide. The retail industry employs more than 22 million Americans and generates more than \$3 trillion in retail sale annually. Retailing is a U.S. \$7 trillion sector.

GROWTH ACROSS SEGMENTS

Retail sector in India is primarily categorized by the type of products retailed, as opposed to the different retail formats in operation. The Food and Beverages vertical accounts for the largest share of revenues at 74 per cent of the total retail market. This category has the highest consumer demand across all income levels and various retail formats. The Indian consumer behavior of preferring proximity to retail formats is highly pronounced in this sector, with food, grocery and allied products largely sourced from the local stores or push-cart vendors. Apparels and consumer durables are the fastest growing verticals in the retail sector. Mobile phone as a product category has witnessed the highest growth in consumer demand amongst all retail product offerings, with increasing penetration of telecommunications in towns and villages. The Telecommunications sector has been adding on an average 5 million new users every month. The other product categories are gaining traction predominantly in the urban areas and emerging cities, with increasing average income and spending power of young urban India.

With the onset of a globalized economy in India, the Indian consumer's psyche has been changed. People have become aware of the value of money. Nowadays the Indian consumers are well versed with the concepts about quality of products and services. These demands are the visible impacts of the Retail Sector of Indian Economy.

The growth factors of the retail sector of Indian economy

- Increase in per capita income which in turn increases the household consumption
- Demographical changes and improvements in the standard of living
- Change in patterns of consumption and availability of low-cost consumer credit
- Improvements in infrastructure and enhanced availability of retail space
- Entry to various sources of financing

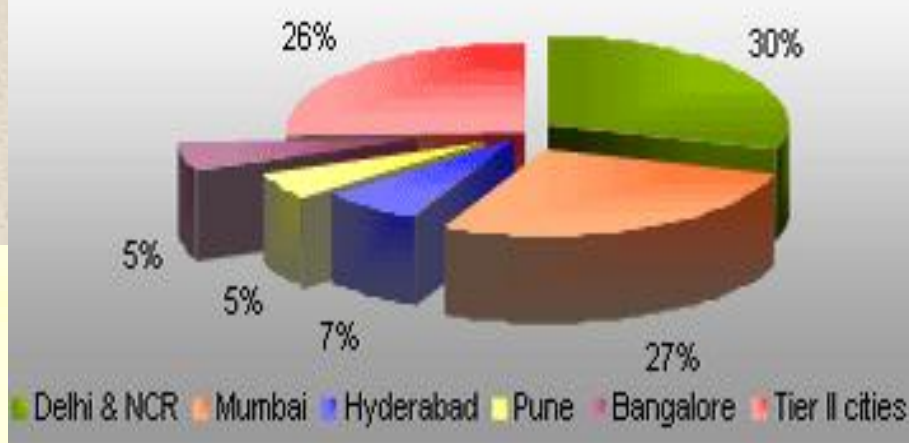
The infrastructure of the retail sector will evolve radically. The emergences of shopping malls are going steady in the metros and there are further plans of expansion which would lead to 150 new ones coming up by the year 2008.

As the contemporary retail sector in India is reflected in sprawling shopping centers, multiplex-malls and huge complexes offer shopping, entertainment and food all under one roof, the concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. This has also contributed to large scale investments in the real estate sector with major national and global players investing in developing the infrastructure and construction of the retailing business.

The trends that are driving the growth of the retail sector in India are

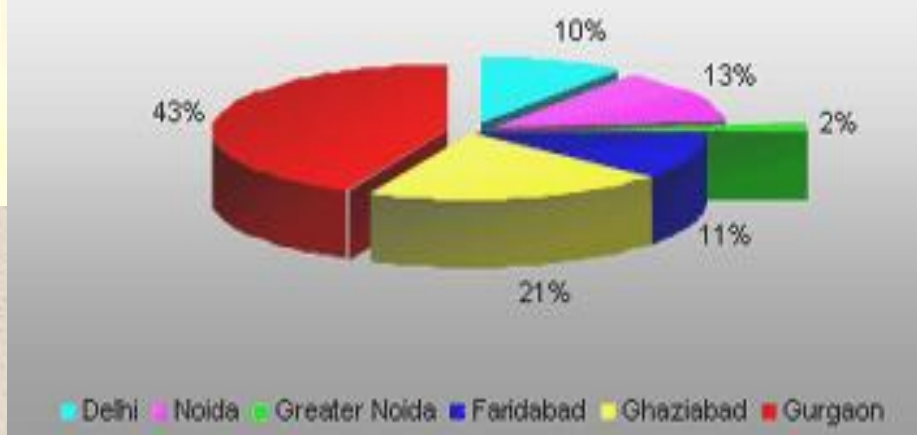
- Low share of organized retailing
- Falling real estate prices
- Increase in disposable income and customer aspiration
- Increase in expenditure for luxury items

Predicted Mall Distribution Space in India



The retailing configuration in India is fast developing as shopping malls are increasingly becoming familiar in large cities. When it comes to development of retail space specially the malls, the Tier II cities are no longer behind in the race. If development plans till 2007 is studied it shows the projection of 220 shopping malls, with 139 malls in metros and the remaining 81 in the Tier II cities. The government of states like Delhi and National Capital Region (NCR) are very upbeat about permitting the use of land for commercial development thus increasing the availability of land for retail space; thus making NCR render to 50% of the malls in India.

Retail Space Distribution in Delhi, NCR



OVERVIEW OF ENTERTAINMENT IN MALLS

The idea of adding a major entertainment center to a shopping mall has been gaining popularity over the past few years. Several of these so called 'mega-malls' have been constructed in various regions of the country, with substantial square footage allocated to large-scale entertainment centers.

India's new malls are redefining entertainment. Standalone gaming arcades and entertainment centers that opened before the retail boom are a thing of past. Mall developers are increasingly tapping into their potential and offering more than shops and restaurants. In fact, entertainment zones, though more expensive and less lucrative than retail, are catching the fancy of mall developers as an alternative to draw customers and keep them spending.

The new attractions are video-game arcades, bowling alleys, air shooting, air hockey, pool, children's play areas and adventure rides. "One cannot just provide the basic shops and eating joints now. A developer needs to cater to diversified interests in a mall and this is where entertainment zones become important. Youngsters come to malls not only for shopping but chilling out with friends.

Small wonder then that retailers are setting up entertainment areas, which have features such as amusement rides, driving and biking games, vending machines and a bowling alley. Internationally, entertainment zones have always been used as crowd-pullers and it seems India is closely following the Western trend. Setting up an excellent example is The Great India Place in Noida and the Metro Walk in Rohini. Both the malls have an attached amusement park, increasing the footfalls substantially.

In fact, malls feed off the traffic in the entertainment zones and vice-versa. These entertainment zones are not only targeting the kids but also involving youngsters as well. The kids' zones also come as a convenient option for parents as it not only provides an excellent outing for their kids but also gives them an opportunity to shop without worrying about them.

The prefix of shopping-malls just got swapped with entertainment. While shopping very much remains the staple, entertainment options within malls are increasingly becoming the numero uno draw. Gaming, magic shows and events today account for a considerable pie of mall monies.

Malls are getting into such activities in order to become a one-stop-shop for consumers. It is also because nowadays children mostly drive a family's buying decision. "To promote shopping, developers today want play areas and newer entertainment options within the malls. This adds to the footfalls for sure." Today, malls need to get the mix of retail, food and entertainment and the location right within the malls to be successful.

India's new malls are not only larger than the retail complexes of the past, they offer more than shops and restaurants. Entertainment—often more expensive to set up and less lucrative for mall owners than retail—is included in malls to draw customers in and keep them spending. The newer malls, in addition to multiplexes, have video-game arcades, bowling alleys, children's play areas and carnival rides. Some malls are even toying with the idea of bungee jumping.

"It is realized that content is king and there are cycles that the film industry goes through". "If there are great movies then the multiplexes are adding true value, which is bringing foot traffic to the mall. If the content is poor... then they're not really attracting their fair share of customers." They are the ultimate entertainment destinations: walled kingdoms outside space and time where the weary can give free rein to the pleasure principle and consume in a holiday spirit

Like a cosmos where the light never dims, shopping malls play multiple roles in modern-day culture: that of a Godless paradise, of a timeless space, of an absolute getaway without landmarks. The shopping mall is an entertainment venue, and its greatest achievement lies in cultivating the fantasy that one has stopped existing in some way without ever really dying. With its background music, controlled climate and round-the-clock operations, the polished halls of a mall stand as a metaphor for a happy trip to nowhere in particular—a perfect holiday. Some mall owners admit that the utility of entertainment centres sometimes transcends that. For some customers who frequent malls, entertainment centres, amusement parks and cinemas are the main attraction.

SHOPPING MALLS IN NCR

The latest and the most catching trend in the city of Delhi is that of shopping malls. Shopping malls in Delhi are basically of two types - specializing in a single field or an assortment of wide variety of stores. These shopping malls serve as the perfect form of entertainment for the people

of Delhi. Almost all the malls have restaurants and some of them even have movie/cinema halls in them. The Shopping Malls provide a complete entertainment package, where one can see a movie, shop and then have a nice meal.

Almost all the New Delhi shopping malls are in the form of multiplexes that offer a wide variety of showrooms. From a footwear store to cards shop to restaurants, one will find everything here.

LITERATURE REVIEW:

Small players cash in on mall Entertainment-----30 June 2008, Economic Times.

Industry players estimate the market for mall entertainment at more than Rs 1,000 crore and growing at an average rate of 15%. "By 2010, the number of malls in India is expected to cross the 600-mark and the mall entertainment business is bound to increase at a tremendous pace to attract consumer footfalls," Now this calls for a wide swathe of players who provide entertainment and event platforms to these malls.

According to a study by Colliers International, the average conversion for shopping accounts for about 20% of the footfalls, while for food and entertainment, it sits higher, at about 40-45%. Malls are increasingly tossing up a holistic experience to draw in footfalls.

Earlier, multiplexes were a major draw for people to check out the malls. Over the last year or so, the revenue sharing agreement between exhibitors and mall developers has seen a sea change. Sources indicate that if it was 50:50 in the past, the more demanding exhibitors are now asking for as much as 60:40, or even 70:30 in their favour. So savvy mall owners are carving out their own entertainment options.

Among them is Mumbai-based Miracle Magic Entertainment Company, which is helping break the clutter, literally by organising magic shows in malls. It also provides artists, mascots, caricature artists and other promotional products. "We are into this business for the last 10 years but it has been just four years that we entered the malls".

Inorbit Mall in Mumbai, for instance, has facilities like air shooting, simulators, arm wrestling and virtual boxing, apart from a kids' amusement zone like toy train and virtual cricket. The gaming area covering a sprawling 30,000 sq ft, does Rs 30 lakh in turnover, and is managed by

Time Zone Entertainment. The mall works on a 7-10% revenue share arrangement with Time Zone.

A new event is also being planned in the form of a fashion show involving all brands within a mall. Apart from events, it also undertakes digital advertising within malls, using LCD screens, magic mirrors.

MALLS BETTING ON ENTERTAINMENT TO DRAW IN SHOPPERS

Entertainment, often more expensive to set up and less lucrative for mall owners than retail, is included in malls to draw customers in and keep them spending. Entertainment tenants pay Rs45-80 per sq.ft depending on how much space they occupy. By comparison, retailers pay from Rs150-350. But mall owners are willing to live with that difference because of customers.

India is following the path of the West, where generations of suburban teenagers have spent entire days at the mall, "It happens in malls across the world," "It's happening now in India because of the larger mall formats that are coming in." The youth market in India is relatively untapped. India "has a huge youth population and entertainment is one of the key drivers of growth in any mall,"

"Strong entertainment needs to be in a mall to encourage loyalty to the mall." Timezone has video games, prize-vending games, and children's rides.

Multiplex theatres are import anchors for malls, but they're subject to the ups and downs of the movie business, mall owners say.

In today's competitive economic environment, knowing your customer has never been more important. Research shows that most companies do not segment their market by lifestyle. Instead, they rely solely on demographic factors to define their customers. This book helps marketers understand how to reach customers in the following categories: BL Singles BL Teenagers BL Children BL "Tweens" BL College students BL Seniors BL And Americans from a variety of ethnic and religious backgrounds Yet another consumer group evaluated here is the emerging affluent market. This book is a prerequisite to relationship marketing. It tells the reader how to reach carefully defined and described market segments. Because buyers' behaviors are so important to lifestyle market segmentation strategies, this book demonstrates how such trends as

cross-shopping and the blurring of gender roles can be accounted for by one's overall marketing strategy.

Mall Developers turn to Entertainment Zones ----Economic Times 24 Aug 2008.

According to industry estimates, the mall entertainment business is worth more than Rs 1,000 crore and growing at an average rate of 15 per cent. Experts say entertainment zones in malls have become a favourite hangout for families willing to spend quality time together - a trend in which mall developers see a great opportunity.

Youngsters come to malls not only for shopping but chilling out with friends. And what could be a better way than this," asks Gaurav Bansal, director, Suncity Projects. The company's new project in Jaipur will have 1.5 lakh square feet dedicated to entertainment and gaming.

Small wonder then that retailers are setting up entertainment areas, which have features such as amusement rides, driving and biking games, vending machines and a bowling alley. Setting up an excellent example is The Great India Place in Noida and the Metro Walk in Rohini. Both the malls have an attached amusement park, increasing the footfalls substantially.

"It has been happening in malls across the globe and India is now following the trend. Entertainment is one of the major factors that's driving the growth in any mall now,"

In fact, malls feed off the traffic in the entertainment zones and vice-versa. These entertainment zones are not only targeting the kids but involving youngsters as well. The kids' zones also come as a convenient option for parents as it not only provides an excellent outing for kids but also gives them an opportunity to shop without worrying about them.

RESEARCH OBJECTIVES:

The main focus of study was based on consumer perspective of entertainment in different malls. The objectives of the study are:

- A comprehensive analysis on consumer perspective of entertainment in malls.

- Comparative study among 10 malls to see how they have aligned themselves in terms of providing entertainment to the visiting customers
- Analysis of space marked for entertainment in individual malls
- To know about the modes of entertainment which are preferred by consumers.
- To know about the features and facilities which individual malls are offering for entertainment to consumers.

RESEARCH METHODOLOGY:

The type of research employed for the study is Descriptive Research and done in order to collect first hand information by the way of filling the survey questionnaires of two categories of respondents that are; People in a busy market place or shopping mall or near multiplexes and retailers.

Primary Research: A questionnaire based on consumer perspective and retailers interview was prepared and was distributed in the region of Delhi and NCR. The questionnaire covers the following topics:

- Customers preference of entertainment
- Preferred mode of entertainment
- Reason for choice of different malls for entertainment
- Space allocated to entertainment in malls

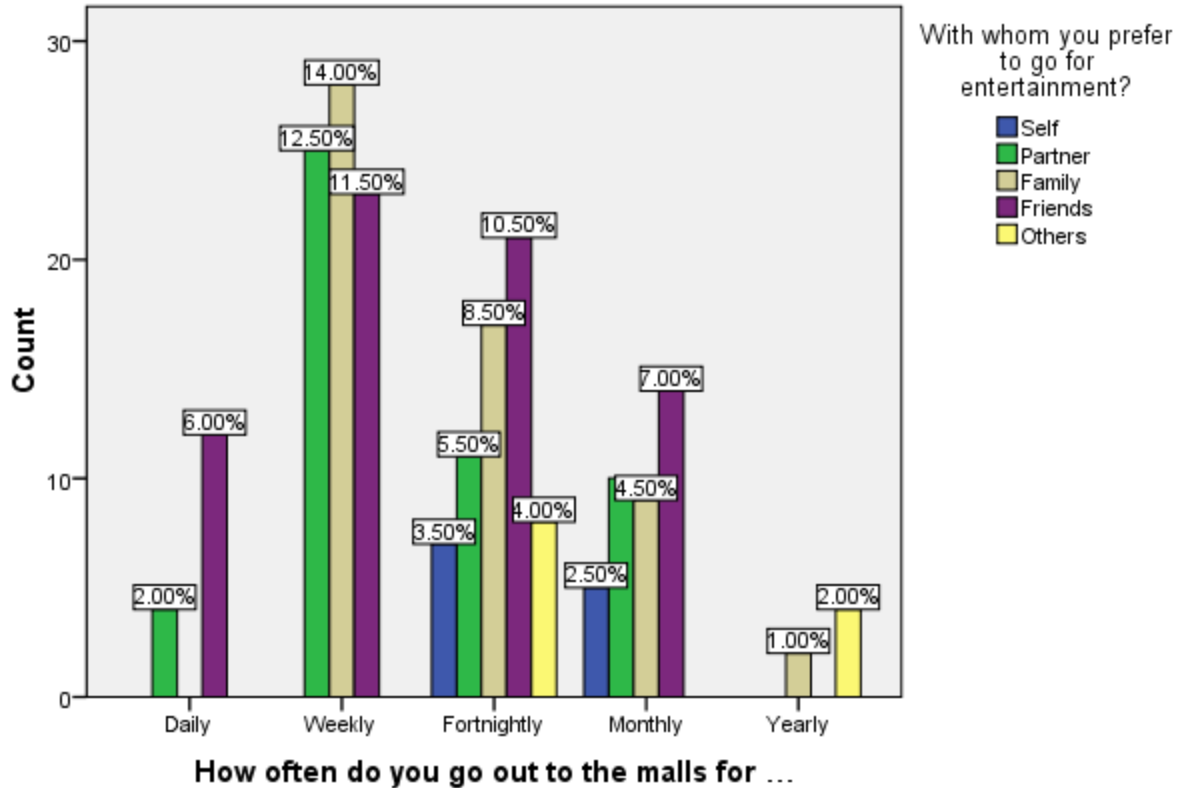
Secondary Research: Secondary data was collected from publications in academic and trade journals, reports prepared by market research firms and the Internet. For the construction of the questionnaire various websites as well as pamphlets of different malls were taken into consideration to know about the alignment of malls to provide entertainment for the visiting customers in the malls.

ANALYSIS OF DATA & MAJOR FINDINGS:

How often do you go out to the malls for entertainment? * With whom you prefer to go for entertainment?

Count		With whom you prefer to go for entertainment?					Total
		Self	Partner	Family	Friends	Others	
How often do you go out to the malls for entertainment?	Daily	0	4	0	12	0	16
	Weekly	0	25	28	23	0	76
	Fortnightly	7	11	17	21	8	64
	Monthly	5	10	9	14	0	38
	Yearly	0	0	2	0	4	6
Total		12	50	56	70	12	200

Bar Chart



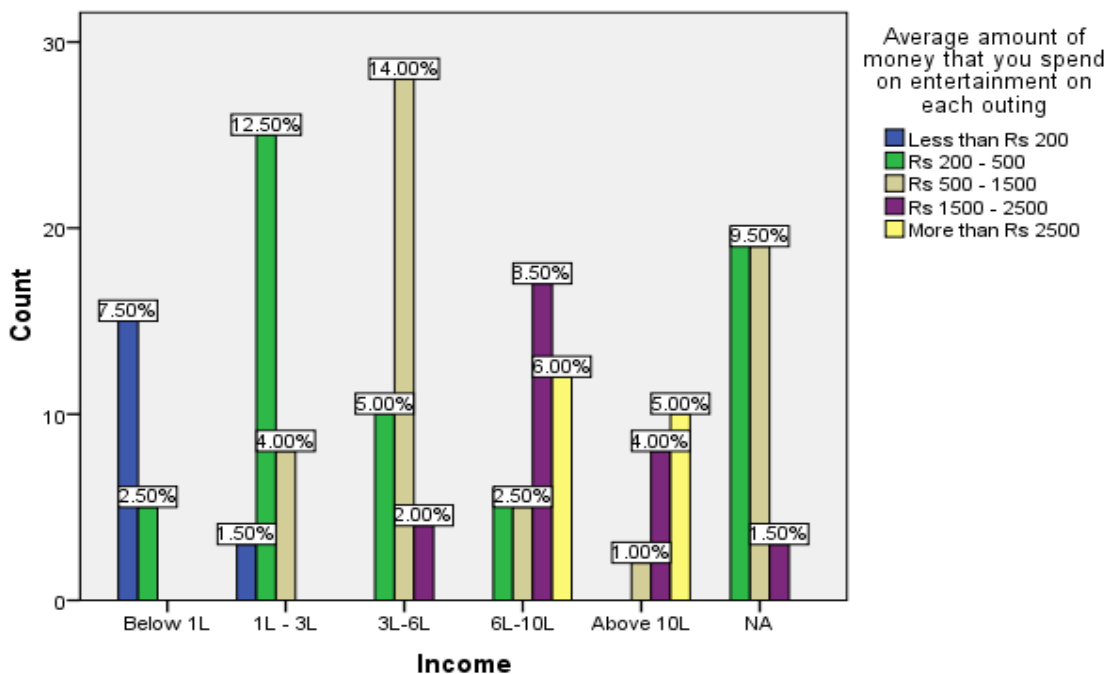
From the graph it is shown that mostly people go with their family as well as friends on outings on a regular basis. So malls must incorporate more entertainment options in order to attract more family members along with their kids.

Income * Average amount of money that you spend on entertainment on each outing

Count						
	Average amount of money that you spend on entertainment on each outing					
	Less than Rs 200	Rs 200 - 500	Rs 500 - 1500	Rs 1500 - 2500	More than Rs 2500	Total

Income Below 1L	15	5	0	0	0	20
1L - 3L	3	25	8	0	0	36
3L-6L	0	10	28	4	0	42
6L-10L	0	6	5	17	12	40
Above 10L	0	0	2	8	10	20
NA	0	20	19	3	0	42
Total	18	66	62	32	22	200

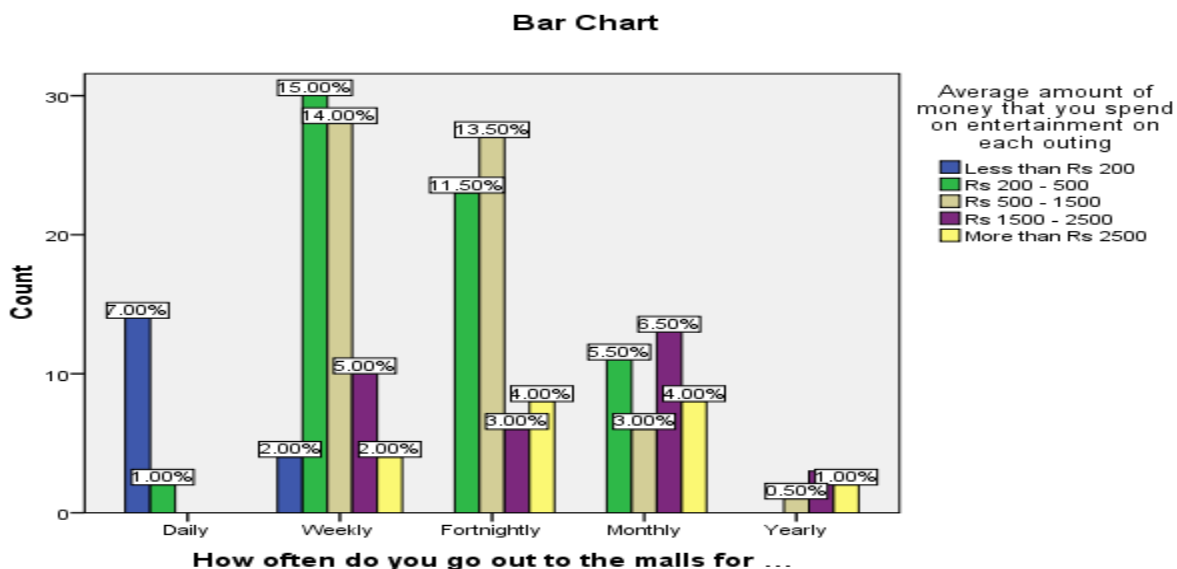
Bar Chart



From the graph it is shown that people spend a lot of amount in shopping. Mostly people of the income group 3L-6L spend a lot on their entertainment in malls.

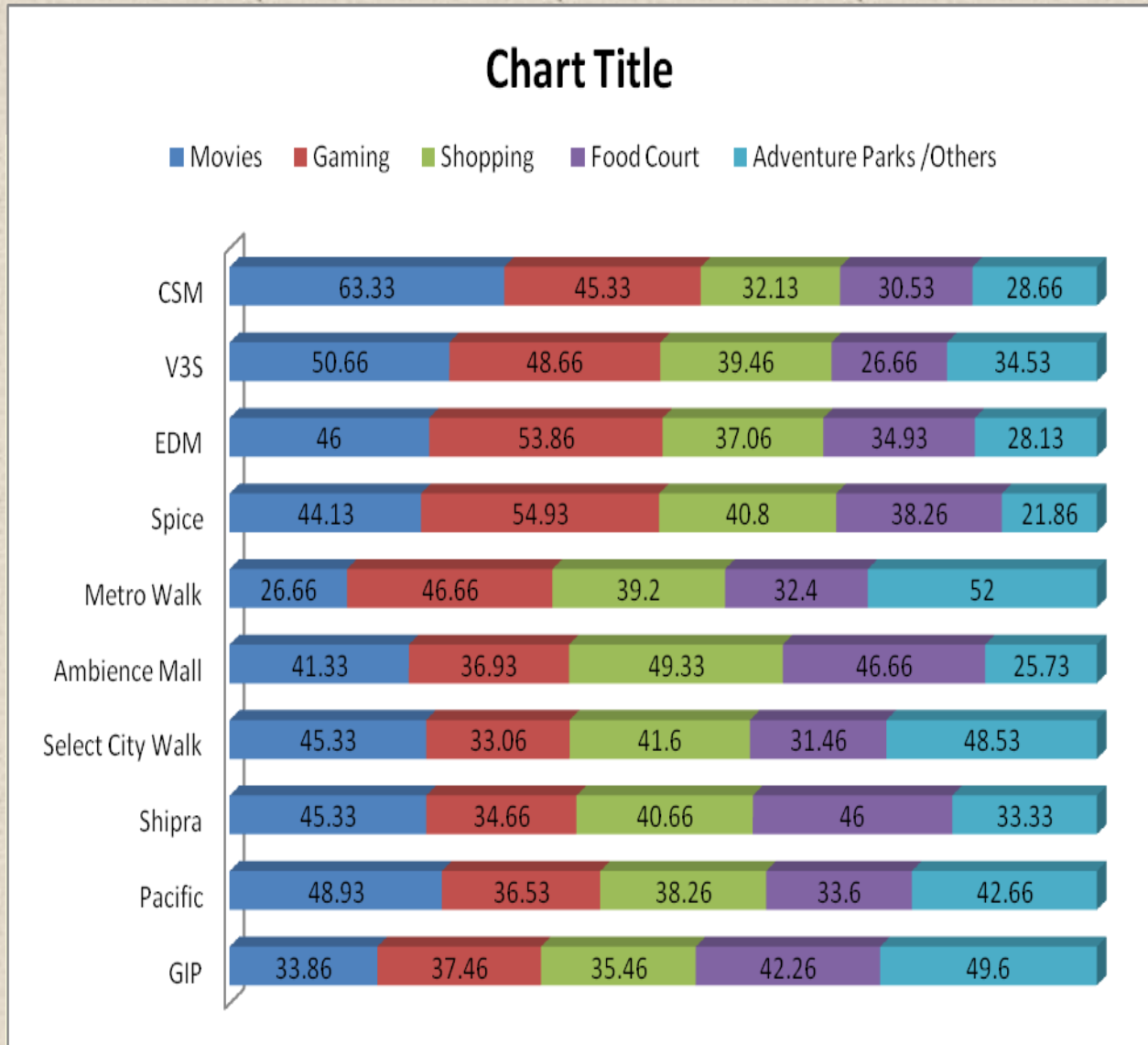
How often do you go out to the malls for entertainment? * Average amount of money that you spend on entertainment on each outing

Count	Average amount of money that you spend on entertainment on each outing						
	Less than Rs 200	Rs 200 - 500	Rs 500 - 1500	Rs 1500 - 2500	More than Rs 2500	Total	
How often do you go out to the malls for entertainment?	Daily	14	2	0	0	0	16
	Weekly	4	30	28	10	4	76
	Fortnightly	0	23	27	6	8	64
	Monthly	0	11	6	13	8	38
	Yearly	0	0	1	3	2	6
Total		18	66	62	32	22	200



In the survey, it was found that most of the people spends Rs200-500 on every outing in a mall for entertainment purpose. They mostly visit to malls weekly or fortnightly for their entertainment.

OVERALL RANKING OF ALL MALLS FROM CUSTOMERS POINT OF VIEW:



If we compare the source of entertainment across the malls,

For movies the best place to go for is CSM Mall, Noida than V3S Mall.

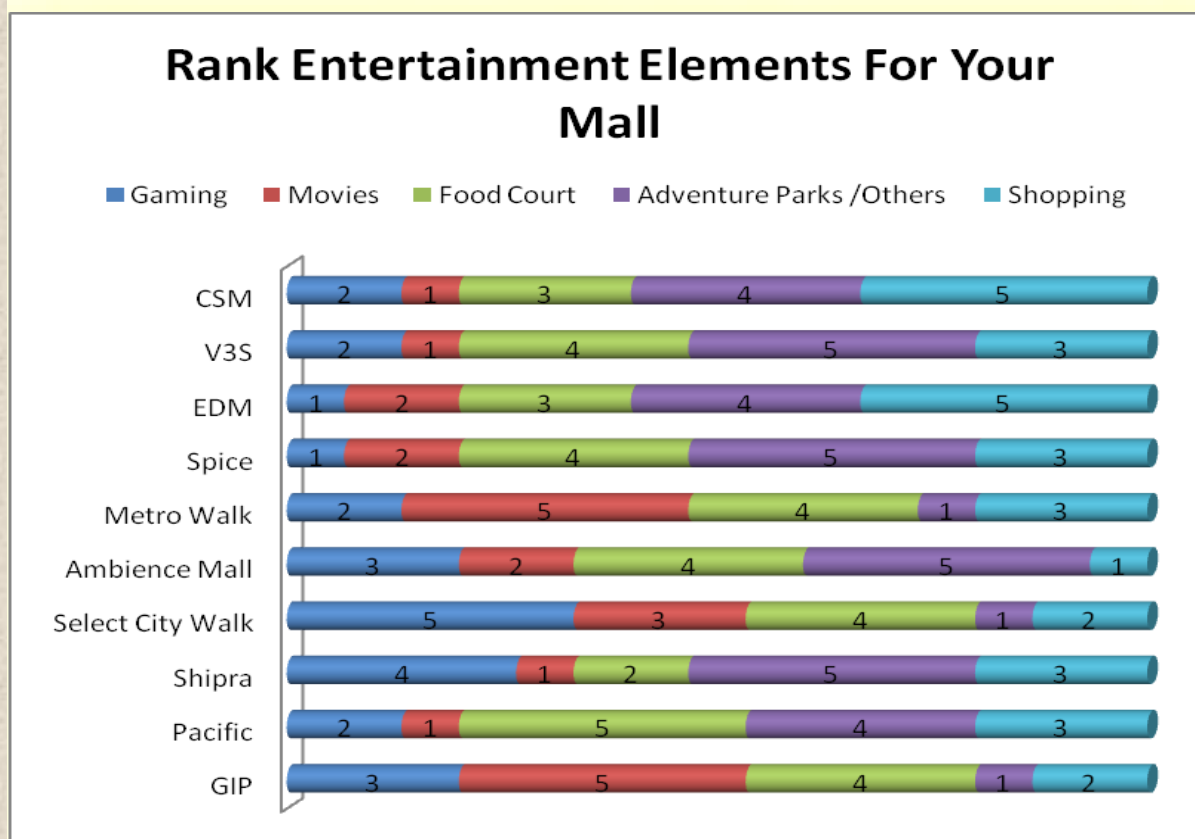
For gaming the best place to enjoy is Spice Mall, Noida or you can even think of EDM Mall, west Delhi.

The best places to shop are Ambience Mall and Select City Walk.

The best places to enjoy the delicious food are Ambience mall and Shipra Mall.

If you want to enjoy the funny rides and have lots and lots of fun you should go to the Adventures Park in GIP Mall, Noida and Metro walk mall, Delhi.

RANKING OF MALL MANAGER OF THEIR MALL



Every mall manager have a different veiw for the source of entertainment in their mall, for eg.: CSM manager ranked Movies as their best source of entertainment and he ranked second to the Gaming where as GIP manager have a different opinion, for him the best source of entertainment in his mall is the Adventure Park, then the Shopping experience they provide to customers. In a similliar way every Mall manager has ranked.

FINDINGS:

- Different malls have their different way of providing entertainment to their customers. Some have big multiplex theater , some have a huge Food Court, some provides a good shopping experience to their customers while some malls provides a very large gaming zone for the adults as well as children's.
- Different malls have the different alignment in terms of providing entertainment and their environment serve different people according to their requirements.
- Various marketing tactics are also applied by different malls to increase the footfalls in their malls. E.g. GIP offers a loyalty card for their regular customers in their mall.
- Each and every mall has a different image in the minds of the customers i.e. why people go to those malls where they think that they can enjoy a lot.
- Mostly people now days prefer to go to malls for their entertainment purpose as they can enjoy there with their family & kids, partners, as well as friends.
- Gaming dominates other modes of entertainment.

CONCLUSION:

The study was done to find the consumer perspective towards malls for their entertainment. It includes awareness of options of entertainment in different malls of Delhi and NCR, pattern of discretionary expenses on outing.

I would like to conclude by stating that malls have emerged as a popular mode of entertainment. People are now getting more aware of different options of entertainment than simply going to parties and enjoying there or getting a get together at someone's house. Penetration of malls for entertainment is very high and hence can be a prospective market, since more and more of entertainment options are now included in a mall like Adventure Island, Worlds Of Wonder, Fun Zone for Kids, Bowling Alley etc. From the study it was found out that for fun GIP Worlds Of Wonder is the most preferred, for Movies CSM is the most preferred mode, for Food Court and shopping Ambience mall is the best part, for gaming Spice is the best option.

- Different malls have their different way of providing entertainment to their customers. Some have big multiplex theater , some have a huge Food Court, some provides a good shopping experience to their customers while some malls provides a very large gaming zone for the adults as well as children's.
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