

BUILDING THE FUTURE GROUP THE CENTRAL WAY

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Abstract

The objective of the paper is to highlight the importance of innovation in designing different retail formats. The paper deals with the unique retail format 'Central', a subsidiary of Pantaloon Retail (India) Ltd. under Future Group. With the motto of 'Shop, Eat and Celebrate', Central has been attracting thousands of customers everyday and creating a benchmark into this segment.

INTRODUCTION

With ever changing scenario of customer preferences and the changes in competitive space, innovation has become utmost important for any company. It has become essential for all the companies to excel in the present with a vision for the future. This paper deals with the innovative retail format strategy adopted by Future Group in the form of Central. This paper also deals with as to how a company like Future Group under the leadership of Kishore Biyani is using the growth opportunities to emerge winner in the Retail Business. Future Group, has created benchmarks in the retail business segment through their strategic as well as innovative initiatives and Central is one of the best examples.

FUTURE GROUP

Future group, with its flagship stores like Big Bazaar and Pantaloons, has been creating history in the retail sector in India. Under the leadership of Kishore Biyani, Future Group is the country's leading retail business group that caters to the entire Indian consumption space. Currently, It operates through six verticals: Future Retail (encompassing all lines of retail business), Future Capital (financial products and services), Future Brands (all brands owned or managed by group companies), Future Space (management of retail real estate), Future Logistics

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(management of supply chain and distribution) and Future Media (development and management of retail media spaces).

Pantaloons Retail (India) Limited operates over 10 million square feet of retail space, has over 1,000 stores and employs over 30,000 people. Future Group is present in 61 cities and 65 rural locations in India. Some of its leading retail formats include, Pantaloons, Big Bazaar, Central, Food Bazaar, Home Town, eZone, Depot, Future Money and online retail format, futurebazaar.com.

Future Group companies includes, Future Capital Holdings, Future Generali India Indus League Clothing and Galaxy Entertainment that manages Sports Bar, Brew Bar and Bowling Co. Future Capital Holdings, the group's financial arm, focuses on asset management and consumer credit. The group's joint venture partners include Italian insurance major, Generali, French retailer ETAM group, US-based stationary products retailer, Staples Inc and UK-based Lee Cooper and India-based Talwalkar's, Blue Foods and Liberty Shoes.

Future Group's vision is to, "Deliver Everything, Everywhere, Everytime to Every Indian Consumer in the most profitable manner." The group considers 'Indian-ness' as a core value and its corporate credo is – 'Rewrite rules, Retain values'.

RETAIL SCENARIO IN INDIA

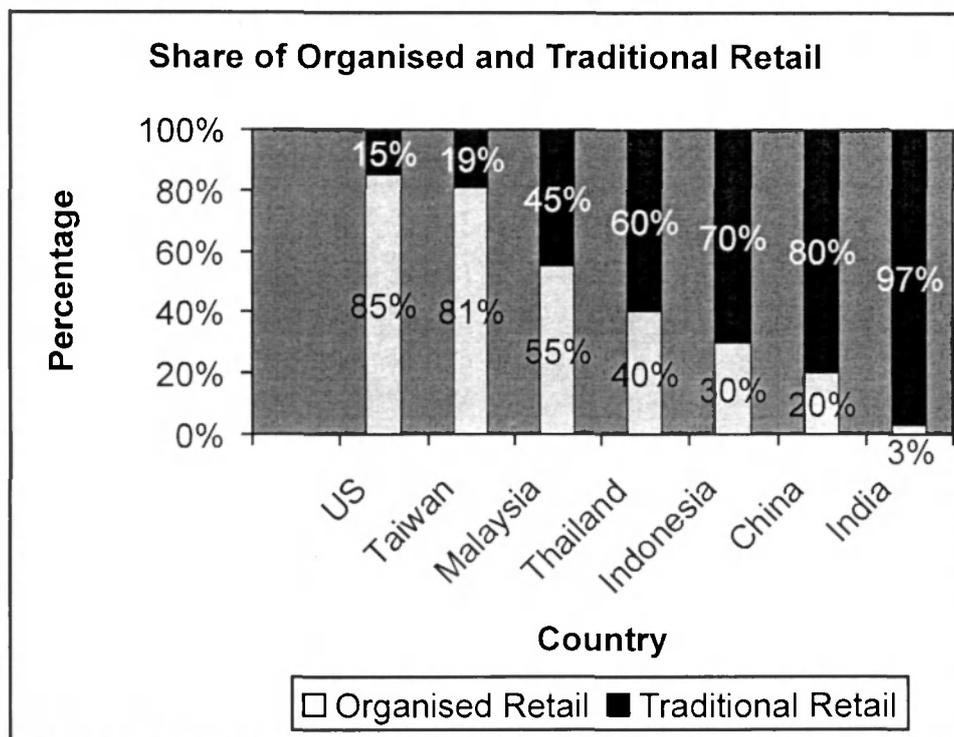
The retail sector in India is highly fragmented and organized retail in the country is at a very nascent stage. There are about 12 million retail outlets spread across India. India has one of the highest retail densities in the world at 6% (12 million retail shops for about 209 million households). The Indian retail sector can be broadly classified into clothing & footwear retailers, food retailers, health and beauty product retailers, home furniture & household goods retailers, durable goods retailers, leisure and personal goods retailers.

Organized Retail is amongst the fastest growing sectors in the country. India ranks first, ahead of Russia, in terms of emerging markets potential in retail and is deemed 'Priority 1' market for international retail. India has also been ranked at no.1 in A. T. Kearney's Annual Global Retail Development Index.

WHAT DO INDIANS BUY?

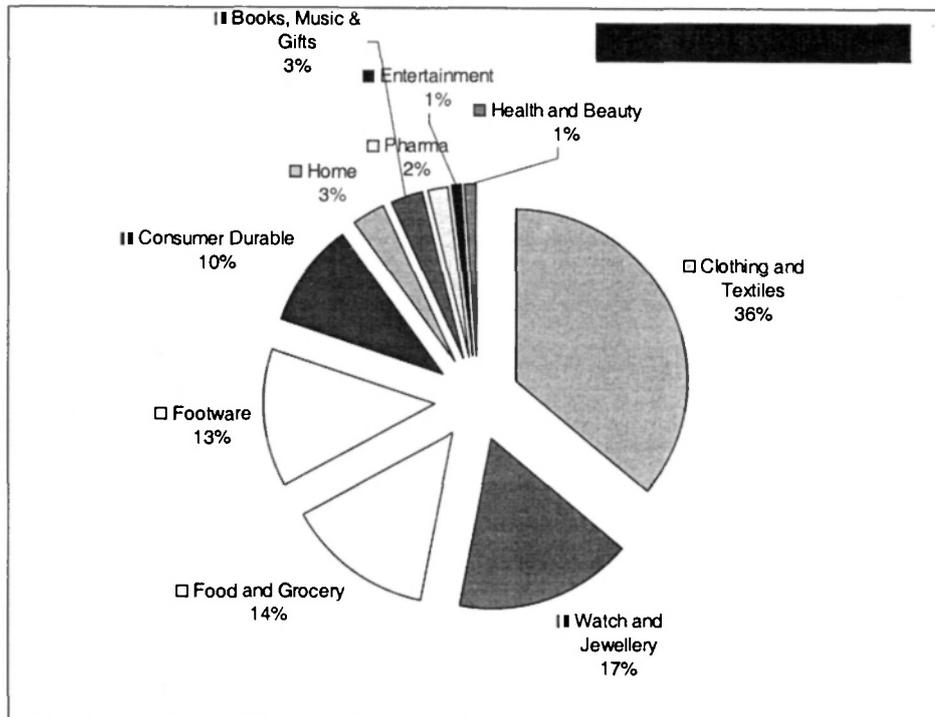
To understand the opportunities in the retail segment; it's important to

Table1: Comparative Penetration of Organized Retail



understand as to how the consumers are spending money into buying different products. A breakup of sales in organized retail shows lifestyle (clothing and textile, footwear, home, watches and jewellery, health and beauty) as the largest segment accounting for 73% in value terms. This is followed by Food and Grocery accounting for 14% of the organized retail value. Rapid growth of organized retailing is expected in the food segment. This can be attributed to the highly unorganized nature of the market currently, which thus presents an attractive potential, and the growing preference of consumers to shop at modern retail formats. Clothing is the other segment expected to show high growth potential.

Taking into account the lifestyle segment, which accounts for 73% of the total organized retailing; Future Group came up with a retail format to cater to the needs of young customers to Shop, Eat and Celebrate with Central. With growing urbanization and rising income, Indian Consumers are having high disposable income to spend. Once there is Increased Spending Power and easy

Table2: Organized Retail Market Share

credit availability; then it induces customers to buy, buy and buy. Now there is guilt free buying to enhance social prestige and status. With more and more young population, there is a shift in the tastes of Indian Consumers from National Brands to International Brands.

INDIA: READY FOR INTERNATIONAL BRANDS

India is one of the youngest countries with its average age at 24 years. The younger population dominates the scenario and is growing at a fast pace. There is an increased awareness, which can be seen in changing lifestyles as the youth is becoming more and more aware of the latest fashions and trends. There is also a huge change in the socio- economic conditions of people. An upsurge of disposable incomes and higher spending power is seen today. There is an increased usage of credit cards and the spread of the worldwide web influencing consumer behavior. This coupled with the foreign entry through franchisee route, single

brand retailer or B2B segment is proving effective in the current Indian Retail scenario. Higher end products are increasingly becoming status symbols. Therefore multi-brand outlets, specialty stores for high end products are easily finding a market.

CENTRAL: SHOP, EAT, AND CELEBRATE!

Shop, Eat and Celebrate is the idea behind Central. Central is a very innovative retail format with one of its kind approach in India. It is the first Showcase, Seamless Mall in India. Seamless means that the mall is bereft of any boundaries. This helps to remove barriers in the customers' minds and allows them the freedom to easily move from one display to another, from one section to another, to compare and choose their favourite items and brands. The thought behind this pioneering concept given by Mr. Kishore Biyani, was to give customers an unobstructed and a pure shopping experience and to ensure the best brands in the Indian market are made available to the discerning Indian customer.

Central offers everything for the urban aspirational shopper to shop, eat and celebrate which is the mantra for this new concept mall, Central believes its customers should not need to travel long distances to reach us; instead it must be present, where customers frequently visit.

Central houses over 500 national and international brands across categories, such as apparel, footwear and accessories for women, men, children and infants, apart from a whole range of Music, Books, Coffee Shops, Food Courts, Super Markets (Food Bazaar), Fine Dining Restaurants, Pubs and Discotheques. The mall also has a separate section for services such as Travel, Finance, Investment, Insurance, Concert/Cinema Ticket Booking, Bill Payments and other miscellaneous services. In addition, Central houses Central Square, a dedicated space for product launches, impromptu events, daring displays, exciting shows, and art exhibitions!

Launched for the first time in May, 2004 at Bangalore, Central has revolutionized and redefined the shopping experience in India in a short span of its existence. Now, Central has got stores in Bangalore, Hyderabad, Pune, Gurgaon, Vadodara and Mumbai. There are total 8 stores of this kind now. The USP of Central is its seamless concept which allows brands to present its true identity and experience to customers. The seamless shopping experience has

been much appreciated by customers in all existing Central as it offers the exposure to multiple brands at the same time. The brands are also laid out in such a manner that it is easy for a customer to locate and access a category in which all the related brands are showcased together.

Central also houses Food Bazaar, which is one of the favourite destinations to shop for grocery, home and personal care products and all kinds of kitchenware at reasonable prices. Central shoppers can also enjoy the value added service offerings at the Central hotspots such as Beauty Central will provide the customers valuable beauty tips and also get their makeovers done. Central has also got one of its kind Radio Central in the store, where customers can request for songs to the DJs. Gift Central provides attractive gift wrappers to the customers. Other value added services include Wi-Fi Central and Flower Central with home delivery facilities.

Central also had plans to enter into a tie-up with an airline or a travel company to set up a travel desk in its Central malls across the country. Central also serves as a great community space where customers can come and spend valuable time with their families. There are many opportunities for customers to participate in events and festivals where they can have lots of fun and win prizes.

Central is also unique in the sense that they have a unique concept of flea marketing, under which they let local people sell their products. An event-based initiative, it is carried out with the help of local NGOs. They let the locals display and sell their products on the premises on certain days. Say for example, on Woman's Day, they let them display their products and did not charge them for the space. But now they are planning to make it a permanent feature on weekends. It not only drives the sale of such products, but also brings a different touch to the store ambience. Presently this is being done in Hyderabad and Baroda.

Retail Store @ Central

Central's each outlet blends products, ambience, customer service and facilities to create a standout shopping experience. The stores are spacious (1,25,000 sq feet onwards) for the seamless shopping experience. The store is designed to look and feel international and the products are displayed attractively. The Central lounge and other exclusive value added services like Gift Central, Wi-Fi Central, Flower Central and Beauty Central are an added advantage.

The concept of Central is youthful and it shows in its colours also i.e. Red and White. Central's colours are vibrant and are present on all its products and communication. The signage is present on all its sign boards, for example, the merchandise tags, the store front board and the departments of the store. The employees wear formals along with a red strapped i-card for identification as Central staff. The carry bags and the tags on all the goods carry the Central red and white logo.

Brands @ Central

With more than 500 national and international brands, Central has got a combination of fixed rentals and margin on sale for its revenue. With some brands, they charge a fixed rental fee plus a variable performance-based commission. In other cases, the brands pay them a pre-decided percentage of a minimum guaranteed sale. Following are the brands available at Central in different product categories.

Men's Clothing: Spring Field, Tommy Hilfiger, Replay, Esprit, Lacoste, Stephen Bros, Gant, Shapes, Reid And Tailor, Turtle, Aryvar, John Miller, Park Avenue, Dockers, Wills Lifestyle, Urbana, Arrow, Color Plus, Allen Solly, Parx, Indian Terrain, All, Indigo Nation, Scullers, Stori, John Miller, Tantra, Provogue, Thomas Scott, Akriti, Belmonte, Excalibur, Park Avenue, Arrow, Black Berry, Louis Phillip, Urbana, Lombard etc.

Women's Clothing: What Women Want, Biba, Rang Manch, Van Heusen, Jealous 91, Sculers, Colorplus, Provogue, Will Lifestyle, Miss Players, Remanikas, Play Life, 109* F, Playlife, Ritu Kumar, Rig, Bare Denim, Etam Lingerie etc.

Shoes: INC 5, M&B, Woodland, Redtape, Catwalk, Classapart, Rocia, Senorita, Fortune, Gliders, Converse, Nike etc.

Clothing For The Youth: M-Square, Wrangler, Louis Phillip, Lee, Flying Machine, Sport John Miler Mufti, Spykar, Bare, Van Heusen, Top Ten, Crocodile, Ajile, Umm, Fritzberg, Nexaccess, Status Quo, Levis, Converse, Adidas, Spedo, Pepe Jeans, Lee Cooper, Reebok, Kappa, Etam, Bossini, Alen Soly, Status Quo etc.

Perfumes: Escada, David Off, Lacoste, Calvin Klein, Ralph Lauren, Burberry, Dior, Valentine, Gucci etc.

Bags: Samsonite, VIP, Timberland, UCB, Blue And Blues, Sisley, Pick Me Up etc.

Central has managed to give their customers good quality products at competitive prices, always. Central has a very co-operative relationship with their customers. They allow for exchange of their products within a period of 7 days from purchase of the product. No refund or exchange for goods purchased during discounts is allowed. Payment can be made by using both cash and credit cards. The warrantee for the brand is given through Central only.

Pricing @ Central

The pricing at Central is that of international brands at Indian premium pricing. The price of men's international wear is comparable to that of the individual international brand store. For e.g. Shirts are priced over Rs. 1200 per shirt. In house brands like ALL have women's wear priced in the range of Rs. 750 onwards. While, women's party wear of International brands goes up to Rs. 1500 onwards per top. The shoes for a brand of Inc 5 are priced at Rs. 800 onwards and sports shoes for brands like Converse are priced at Rs. 1800 onwards. All prices at Central include Value Added Tax.

ADVERTISING & PROMOTIONS @ CENTRAL

Central has a high priority to marketing in order to increase awareness among the consumer. The store level promotions are integrated with external communication through advertising. In store promotions were used to give the shoppers a feeling of getting greater value and a good shopping experience.

A good example of the promotion at Central would be the French festival at Gurgaon Central. It was like experiencing France in India. Special merchandising concepts from France specifically for this festival were there. Brands like Arrow, Allen Solly, Provogue, Color Plus, Etam, Remanika, Parx, Theme, Numero Uno, Gini & Jony, Zapp and Jealous 21 created designs that are available only at Centrals. As a part of the French festival — The Great French Affair — there were fashion shows being held. La Troupe, a renowned French dance troupe, was flown in to perform at the mall and free makeovers were offered to customers by various French cosmetic brands. Portraits by French artists, wine tasting, dance classes, French delicacies and pastry tasting were also part of the feat. This was held in May-June of 2008.

No television advertisements of Central are shown yet. But there are several print ads of Central that come in leading newspapers suggestive of discounts, sales or opening of new outlets. At the point of opening Central in Mumbai, Double spread ads were given in all the leading national dailies in Mumbai.

Customers @ Central

Central is a mall aimed at everyone; Mr. Kishore Biyani claims they have a broad based target audience. The segment means the upper middle class or a target audience with an increased guilt-free spending power. Several initiatives are also taken to attract the youth.

Central puts a lot of emphasis on Customer Service and that's why for every 100 sq ft, they have one Central employee to look after the customers. They also have an additional staff as a stand by for each staff. At Central, they encourage brands to have their own staff. So, the customers have an enjoyable and more informative customer experience. Central malls enjoy a customer base of 5000-6000 on an average on weekdays and 12000 on an average on weekends.

Customer Relationship Management @ Central

Central has got Central-ICICI Bank Credit Card for its loyalty programmer. It has attractive reward points and zero per cent EMI option, besides the standard features of the ICICI Bank Gold credit card. The card makes shopping more pleasurable with its unique offers and benefits and the tie-up with Central Mall is another step towards introducing many such value-added services to their customers. The gold card will reflect the culture of the Central Mall and will be discount-oriented. A milestone in the lifestyle retailing segment, this visa card is applicable and usable globally. The card is available to Central Mall customers in Bangalore Central, Hyderabad Central and Pune Central and will be introduced in other Central Malls as well. They also have customer feedback kiosks set up on every floor in the store.

Customer Satisfaction @ Central

As Central places a lot of importance on Customer Satisfaction, they have devised a model called Customer Experience Management (CEM) Model to measure customer satisfaction in their stores. The Customer Experience

Management Model focuses on the customer's experience ranging from their first impression of the store, to their experience at the trial rooms, toilets, with their staff through various processes such as billing and exchanges. They have hired a research agency called Market Analysis and Consumer Research Organization (MACRO), which sends people who are called 'Mystery Shoppers' to visit the stores and then their experience is documented on a feedback form which is then sent to the organization. They have also started an in-house initiative called 'Pragati', whereby one person from the head office operations team visits the stores and observes the stores (on a quarterly basis) with respect to certain pre-parameters like store exteriors, baggage window, customer service, store ambience etc. This encourages the stores to improve their efficiency of operations.

CONCLUSION

In the present competitive state of organized retailing in urban India, differentiation in the format has become essential. Future group, by launching "Central" as a new format of retailing, is trying to offer customers a different and unique experience while shopping. Central as the very name suggests, is trying successfully to be the centre of Shopping for young buyers with plenty of money to 'Shop, Eat and Celebrate'. The innovative retail format with unique implementation strategy is creating a benchmark of its own in Indian Retailing. The store believes in providing complete shopping experience by providing variety of product lines, prices ranging from affordable to premium, customer-friendly services, and unique concepts like flea marketing. With plethora of national and international brands and unique facilities like Beauty Central, Gift Central, Radio Central, Wi-Fi Central and Flower Central, Central has got the distinction of understanding as well as delivering what the urban cosmopolitan young customers want.

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