

**PGDM – RM – 2016 – 18 Batch – Mall & Event Management  
– IV Trimester End Term Exam**

**K.J.SOMAIYA INSTITUTE OF MANAGEMENT STUDIES & RESEARCH  
Course : PGDM – RM – 2016 – 18 Batch – IV Trimester End Term Exam**

**Sub : MALL & EVENT MANAAGEMENT**

**Date of Exam : 21/09/2017**

**Time : 3 Hours**

**Marks: 50**

**Note : (i) Apply the theoretical framework for the case study  
(ii) Quality and not Quantity will be given due weightage for Marks**

**I. Attempt the following Case Study (Compulsory)**

It's been more than a decade since organized retail came up in India. In the early phase of development, it was just restricted to plaza culture. Post 2003, mall culture started multiplying in the metro cities, and India started becoming the hub of organised retail. The modern Indian retail industry has gone through a plethora of changes to attain the stature that it has now. This article shows the way forward to establish successful retail and real estate synergies.

The mall culture that was formed from 2011 onwards was something that India had never seen before. Retail-real estate synergy started witnessing an uptrend in metros from 2012 onwards. Consumer outlook towards the mall changed in 10 years – from just viewing it as an entertainment centre to seeing it as a complete shopping experience. Today, Select CityWalk is clocking sales of Rs 2,750 per square foot per month. High Street Phoenix does about Rs 2,200 and Express Avenue, about Rs 1,400. A mall is considered to be performing good if its average sales are between Rs 900 –1,500 per square feet per month. Malls were developed and are being developed in quick succession year after year. However, not all Malls have the same fate as the successful ones, some have already shut, some are existing and some are having a tough time to survival.

**Neptune Mall**

Neptune Magnet Mall is a 1,056,000-square-foot (98,100 m<sup>2</sup>) shopping mall in Bhandup, Mumbai, India. It is part of a 22-acre (89,000 m<sup>2</sup>) satellite township, Living Point, comprising 6 towers of 22 stories each being developed by Neptune Group. Mall tenants include a 60,000 square feet (5,600 m<sup>2</sup>) Lifestyle store, Piramyd, Easy Day and 06-screen Cinépolis multiplex. First international multiplex in Mumbai (Cinépolis is a Mexican chain of movie theaters). Neptune Magnet Mall is planned to be the first international standard shopping center in the city. The mall has a Family Entertainment center call GLEOTST and creche for kids called Happy Minds. The Mall houses branded stores like Biba, Jack & Jones, Only, Vero Moda, Pepe Jeans, Spykar, Woodland, UCB, Marie Claire, Beverly Hills Polo Club, Donear, Louis Phillipe, and Van Heusen besides others. It has many popular restaurants like McDonald's, Pizza Hut, KFC, Sports Box and Cafe Coffee Day. The mall houses one of the world's largest retail chains -Metro Cash and Carry.

The mall has been developed by Neptune Ventures & Developers with an investment of Rs 450

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crore and it is partially operational with Metro Cash & Carry and Easyday already trading. The project is said to be Mumbai's largest mall spread over a gross leasable area of 10,56,000 sq.ft. with four themed atriums. It is also India's second mall to have an in-house ice skating rink, the first being unveiled in Ambience Mall, Gurgaon. The mall also houses Mumbai's biggest two level food court. The entire mall was initially by a Local architect in India, but later the Entire Mall Was re-oriented & redesigned by FORREC and maintained by Chattels Property Management Pvt Ltd. Due to lower occupancy rate and higher operational costs almost all shops of this mall are closed since August 17, 2015. Currently, only McDonald's outlet, Metro Store, and Cinepolis multiplex are open. Cinepolis renovated and re-opened in July 2016.

### **Unsustainable and unviable?**

Only a few Malls have succeeded in the Indian Market. Property market sources said as many as 11 malls shut down in the country between 2010 and 2015. Neptune Magnet Mall which started in the year 2012 with 150 retailers and one million square feet of retail space is one of the largest malls to shut down and is the largest in the country so far to take on a different avatar. Footfalls dropped by 50% in Magnet Mall, which started in 2012, because of online shopping and further worsened after Easy Day, a large hyper market occupying 60,000 sq ft on the premises closed down its operations. Retailers were bleeding because of e-commerce hit.

### **About Neptune Developers**

Neptune Developers Ltd. is a first generation Indian real estate development company which started their operations in 2004. The company is promoted by dynamic young entrepreneurs Mr. Bheda, Mr. Sachin Deshmukh and Mr. Nayan Shah. Within a span of five years, the company has created a diversified portfolio of real estate development projects mainly in Mumbai Metropolitan region (MMR). The company is using this experience to develop real estate projects in Kochi, Chennai, Hyderabad, Nagpur, Pune and Visakhapatnam. The company's diversified portfolio of projects includes residential, retail, commercial and IT/ITES properties.

### **The Business of Malls**

The mall business in Mumbai seems to be getting unsustainable and unviable. Neptune Magnet Mall in Bhandup, one of the biggest in the city, is believed to have been put on the block, although its promoters claim they are looking out for a strategic partner. The 10 lakh-square-foot mall located on the busy LBS Marg in Bhandup, opened in 2012 but is still 23% vacant. Industry sources said this is an extremely high vacancy level for a mall.

An official of a prominent construction company, was offered the entire property "lock, stock and barrel" for around Rs 350 crore. The offer was rejected, though, because mall operations have become too expensive. BMC's property tax sources, was prohibitively high. "For a mall of this size, the annual property tax could be in the range of Rs 20 crore to Rs 25 crore".

Nayan Bheda of Neptune Group, which built the mall, maintains that there was no question of selling the mall. "We are looking out for a partner who will infuse equity, manage and operate the mall." that to construct a mall of this size along with the cost of land could be as high as Rs

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800 crore today. He claimed footfalls have increased and 85% of the space has been leased out. "The promoters are not retail-centric and this is their first mall,". Neptune Group has set up residential complexes in Bhandup and Mulund.

**Mall Renovation**

The developer, who will pump in Rs 100 crore to refurbish the premises after it was shut down last year, said half the area will be now sliced into small offices and sold. The remaining space will be sold to clients looking for larger offices while a portion will be retained for retail. "They have planned small boutique offices," launch the new project later this week.

Cinépolis Neptune Magnet Mall, Bhandup has reopened with year's biggest blockbuster Sultan. The mall was closed down for renovation work last year. With the re-opening, the mall will have more than 200 commercial offices and a dedicated floor for retail shops along with hosting the 6 Screen Cinépolis Multiplex. With the re-launch of this multiplex, the Cinépolis screen count in India has reached to 252 screens.

The multiplex have RealD 3D, 100 per cent digital projection, revolutionary surround sound systems and largest legroom for its movie-buffs. The multiplex have RealD 3D, 100 per cent digital projection, revolutionary surround sound systems and largest legroom for its movie-buffs. The specially designed comfortable reclining seats and gourmet coffee shop, offering freshly prepared food and coffee, makes this multiplex truly distinctive.

The promoters are very excited with the reopening of the only international multiplex chain, Cinépolis at Neptune Magnet Mall. With the ongoing conversion of this mall into an international concept ORC (Office Retail Complex) the much-awaited commencement of the multiplex and the enthusiastic rush to the screens underlines the great customer equity enjoyed by this mall and the Neptune group."

**The Challenges**

Mall business is considered uncertain because of high gestation and high investment period. Online shopping has led to a drop in mall sales over the past four months. "Sales dropped between 10% and 20% for a range of products such as electronics, mobiles and accessories, apparels, fashion accessories, footwear, gifting and novelties. To counter this, most malls, for the first time, extended the end of season sales by a few more weeks into February, as a result, sales have been awesome, A drop in footfalls in certain malls is due to bad zoning, brand mix, design, issues of accessibility and catchment area. Footfalls have dropped between 5% and 7%. People come and check products at the store, but do a rate comparison on the website or on their Mobiles, take down the code number of the product and order it online.

The entire look and feel of the mall has changed; Neptune Group is very excited about the new set up. The mall is now hoping to get back the glory that it once enjoyed. However, it still to see if the mall will get footfalls and generate more business to its tenants (retailers) The Mall Management has been handed over to Nexus Malls to manage the Mall on day-to-day basis. Nexus Malls, has appointed EventX, the popular Event Management Company which has more presence in managing the Events for Malls in India and Middle East.

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**Questions**

- 1. After losing most of the major tenants, just by getting Cinepolis as the major anchor in the Mall, do you think there will be an increase in footfalls, in the Neptune Magnet mall. What kind Tenant Mix would you create in the mall with the current set up ?**
- 2. Considering the Neptune Magnet Mall having a high operational cost and thus maintaining such a mall becomes difficult, how would you as the operations manager create SOP's to optimize the mall operations ? Do you think there is a lifecycle in a Mall ? Illustrate and elaborate your justifications with suitable examples ?**
- 3. The Mall is trying to relaunch itself, if you are the team of EventX, plan a Event Strategy for the Mall, the objective being to create more Awareness for this mall, which will eventually lead to more footfall generation ?**
- 4. Prepare an Event Plan for One year starting from October 1<sup>st</sup> 2017 till 30<sup>th</sup> September, 2018 by dividing the Event Plan into 4 phases with the sole objective of the Neptune Magnet Mall to drive more footfalls ? Do you think a Flash Mob performance in the Mall on a Sunday before Diwali drive more footfalls and can sustain the customer rush into the Mall. Give your opinions ?**
- 5. With an estimated budget of 10 Lakhs for Event Marketing Spend, imagine you are the Event company EventX which has been given responsibility of organizing an Event for Neptune Magnet Mall, design the different strategies that you would be using for Promoting the Mall through Events. Identify any 3 Events that you think can drive customers back to the Mall.**

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