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BUILDING BRANDS

Retail advantage, not real estate

Big Picture



AMIT JATIA

Selling a product is about customer and brand. But where you retail your product from is also critical. In brick and mortar retailing, a brand can gain long-term competitive advantage using real estate intelligently.

Which generators deliver the highest return in the retail location? The types of generators include shopping, work, education, entertainment and transit. It is important for a brand to know which generators deliver the highest returns. Before expanding recklessly, it needs to know which SEC of customers its retail choice caters to and if there are enough numbers to sustain the sales needed to support the location. •

But what defines a perfect location? Just remember VATTTS: visibility, access, traffic, trading area, and signage. If each is above average, the brand has a winner on its hands. But, this needs to be viewed from a long-term perspective. In choosing the best location, it would make sense to see

where competition is likely to be present in the next few years and how that will impact the brand. Normally, investment in a retail property is high due to upfront improvement costs and it could lead to huge write-offs because of taking a short-term view.

Selecting a retail location based on rent alone would be risky. Rent is finally a function of sales. The important thing to look for is occupancy cost as a percent of sales, along with rent. A top location costs top rupees but it delivers high sales, if the brand's target audience frequents that location.

We typically classify retail formats into high street retail, neighbourhood retail, mall stores, free standing stores, and transit or speciality stores. While it may be easier to see which format may suit a brand more, it must also look at the risks a format it wants to consider carries, and which will suit it best based on the risk mitigation measures it is capable of adopting and the costs it can incur for doing this.

Finally, look into the area you want to occupy and visualise how your brand's proposition will 'look and feel' to the consumer. Layout is important and must be part of the choice a brand makes for its retail location.

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