

Case 2A

Type: Market Entry



ConQuest

Consulting & Strategy Club of IIM Shillong



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Problem Statement:

Consider a builder in Delhi who wants to enter the Mall segment. How should it decide on the location and what will be the revenue and cost streams for him?

SCRIPT KEY	
Interviewer	
Interviewee/Candidate	

Consider a builder in Delhi who wants to enter the Mall segment. How should it decide on the location and what will be the revenue and cost streams for him?

Okay can I change the location from Delhi to Mumbai as I am more familiar with Mumbai?

Yes, sure you can.

Can you tell me the mall will have premium brands or brands catering to middle class and upper middle class?

The mall will cater to middle and upper middle class

Thank you, I will start with location factors for the shopping mall. Firstly, the mall should be located in a nearby public mode of transport like a railway station, bus stand or auto stands as it caters to the middle class.

Demography plays a major role therefore mall should be situated in a location through which it covers the maximum radius of the population Since malls face stiff competition from each other the location should not have any other mall in close proximity.

As land costs are significant in Mumbai the builder should look for locations in suburban region to reduce costs.

The mall should not be located near a school, hospital, airport, or any such area which can cause regulatory issue.

Can you list the cost streams for the mall?

Major cost streams will be:

1. Land ownership/ leasing cost Registration/municipal cost
2. Overall construction cost including interiors Employee cost
3. Maintenance cost
4. Property and other taxes
5. Maintenance cost

Looks Good. And what about the revenue streams?

The Revenue stream for Mall will be as follows: -

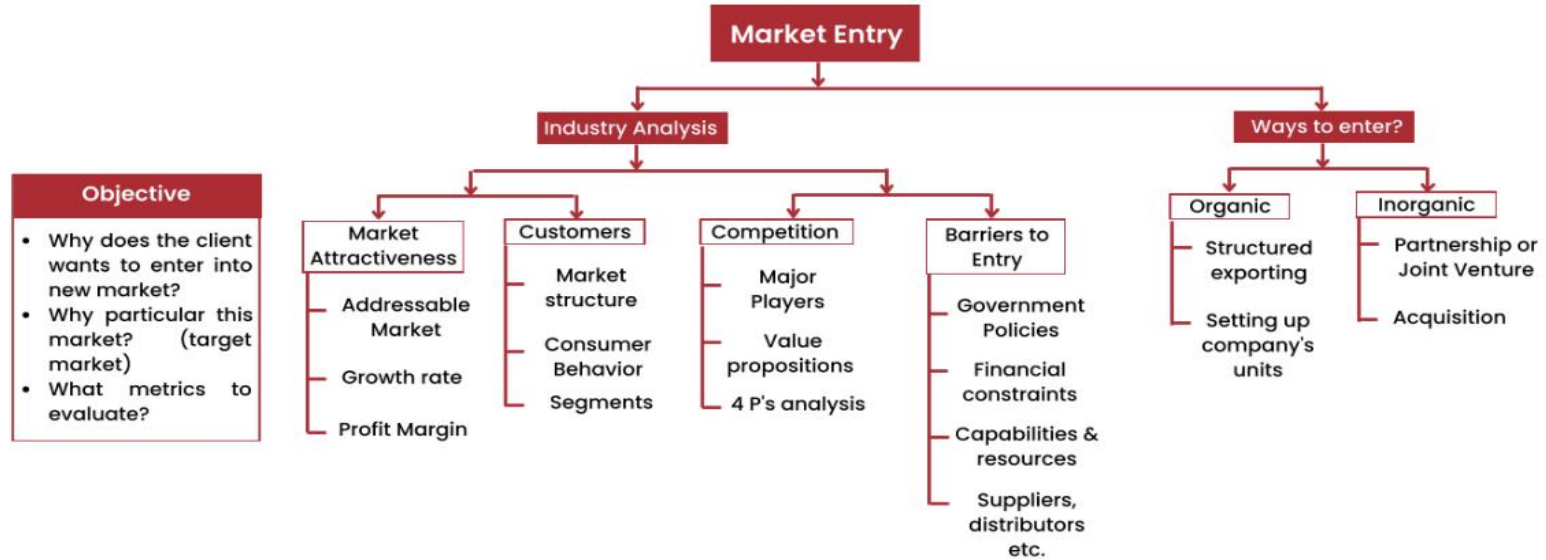
1. Advertising kiosks and billboards both outside and inside the mall. Advertising in form of Auto shows and fashion shows also adds to revenue flow.
2. Shop rentals form a major chunk of revenue
3. Rentals from the food court, cinema, and arcade centre
4. Revenue from Parking space
5. Renting open spaces and banquet halls for events

I see you have covered everything here, now tell me anything you will do differently in malls to reduce the pain points of consumers.

I will suggest specific steps listed below: I want to make an application for malls that consumers can use to ease mobility from one store to another. Usually, there are loyalty programs for different stores but not the entire mall, so a consumer who purchases from other stores does not benefit. I would also make arrangements for pre-parking booking by pre-payment online, so customers do not face hassle in finding parking when they visit the mall.

Perfect, we can close the case now.

FRAMEWORK/APPROACH



Key frameworks to implement:

- **PESTEL** - for holistic analyses of the market & to identify all the barriers to entry
- **STP** - to find out the target market and then further narrowing it down to total addressable market
- **5Cs** - Company, Competitor, Customers, Context, Collaborators
- **Porter's 5 forces** - to understand the potential offering from external stakeholders & also the threats that company can face in the new market

QUALITATIVE INFORMATION

Case Background:

A builder in Delhi who wants to enter the Mall segment. How should it decide on the location and what will be the revenue and cost streams for him?

Case Facts:

1. Clients wants to enter the Mall segment
2. Focus on Location

CLARIFYING ANSWERS TO BE PROVIDED ONLY IF ASKED BY INTERVIEWEE

Interviewee	Interviewer
Mall will have premium brands or brands catering to middle class and upper middle class?	The mall will cater to middle and upper middle class

Target	Answers
1.To reduce the pain points of consumers.	<p>Make an application for malls that consumers can use to ease mobility from one store to another.</p> <p>Loyalty programs for different stores but not the entire mall, so a consumer who purchases from other stores does not benefit.</p> <p>Arrangements for pre-parking booking by pre-payment online, so customers do not face hassle in finding parking when they visit the mall.</p>
2.Identify Revenue Stream	<p>1. Advertising kiosks and billboards both outside and inside the mall. Advertising in form of Auto shows and fashion shows also adds to revenue flow.</p> <p>2. Shop rentals form a major chunk of revenue</p> <p>3. Rentals from the food court, cinema, and arcade centre</p> <p>4. Revenue from Parking space</p> <p>5. Revenue from open spaces and banquet halls by renting them for events</p>
3. Identify Cost Stream	<p>1. Land ownership/ leasing cost Registration/municipal cost</p> <p>2. Overall construction cost including interiors Employee cost</p> <p>3. Maintenance cost</p> <p>4. Property and other taxes</p> <p>5. Maintenance cost</p> <p>6. Property and other taxes</p>