

Retail in the Middle East is definitely lucrative. But, like in any industry, there are high risks against which we reap great rewards. There are difficulties, although certain teething issues we used to face a few years ago have come down drastically. Malls and retailers have been able to build a healthy relationship and are now very advanced in using technology and bringing the right retail mix to their target audience. Government agencies and municipalities work much faster now. Building a shop isn't so difficult anymore but infusing experiential elements in it is. Keeping the concepts interesting, ensuring a high level of excitement in-store, offering fulfilling customer service and hiring the right people are some of the challenging areas in retail today. But with the right business strategy, coupled with constant innovation, these hurdles can be turned into opportunities, says Nisreen Shocair



# It's vital to play the 'right music' in retail

– Nisreen Shocair

## Concocting the right mix to drive business success

At Virgin Megastore, we always consider top-line, bottom-line, margins and cost structure when it comes to developing strategies for business success. But none of this is relevant if we don't have in place an excellent concept that attracts the right audience and drives repeat footfall. Maintaining a strong P&L without a soul may work in the short term but that growth will not be sustainable in the long-term. You have to 'wow' consumers daily through products and services to keep them coming back. That's what we work towards, and we derive a lot of fun running Virgin. Our store executives are happy, enthusiastic and always willing to help. It resonates – if our employees are happy, they ensure our customers are satisfied. This, too, isn't enough.

We have to add zing to the concept that comes from constant innovation, from being creative. I love to see innovation especially if it comes from the shop-floor and my team. If out of 9 or 10 ideas, one doesn't work that's a pretty good average I'd think. That's what we count on – more successes than failures.

Today, what you're selling doesn't matter anymore. You may well be selling shirts and shoes. What you need to do right is to offer the right retail environment to get customers to come back time and again. While you may not be keen on selling CDs, it's vital to play the right music to create an attractive ambience. It really is all about creating an entertaining retail experience. We, at Virgin Megastore, work very hard to achieve this – a big reason why our loyal customers visit us at least thrice a week and spend between 30-and-45 minutes

each time. They come to us to find out what's new and enjoy our high energy, youthful ambience.

## Traversing from dark to dazzling

Even till some years ago our demographics were skewed towards a male audience. Now 35% of our audience is female, 60% of them under-30. We're all aware of 'womenomics' and that by 2017, 70% of all purchases will be made by women. It, therefore, is important to appeal to that determining demographic. Today, Virgin Megastore doesn't look dark like a man's cave. The concept started performing very well since 2006, growing 33% on a CAGR level. That's the time when we turned Virgin Megastore from a black to a white, airy box. We've introduced a lot of feminine elements but we've been careful to ensure the





the top floor to the ground floor that's turning out to be a huge attraction.

We realised that these days teenagers are looking for something more than just being 'mall rats'. That's why we decided to make Virgin Yas a completely new, unique, urban lifestyle concept truly resonating with our young customers looking for a fun, relaxed shopping experience. However, that's not all. As one of the key supporters of local and regional creative talent, Virgin Yas also features a dedicated in-store space where artists of all genres can exhibit and sell their work. In fact, all of the store's street art, including the large graffiti arch at the entrance, was hand-painted by local artists. We'll continue doing the annual street art event, with the best artwork sitting on our walls for a year. We want artists to spray paint our walls, expressing their creative side till such time it's not obscene. Going forward, visitors can expect a busy schedule of events happening in Virgin Yas comprising DJing events, beauty and styling advice sessions and skateboarding trick competitions to name a few.

space is made suitable for all genders and age-groups. We work towards making our stores airy and spacious as well as vibrant and fun. Take the example of one of our oldest stores in City Centre Deira. Overlooking the stunning Dubai Creek, it's a perfect hangout for people who visit malls. We know from our internal research that entertainment is the numero uno reason why people visit malls. It could be to watch a movie, simply walk around the mall or visit outlets like Virgin Megastore. And this we always bear in mind while setting up stores. In fact, now when we deal with malls in new locations, they endeavour to give us anchor positions.

Now consider our newest concept store at Yas Mall. The mandate was to bring the outdoors inside by using a lot of concrete, recycled and industrial materials. And we've achieved that beautifully by using bricks, exposed wooden beams and up-cycled materials. The vision was to create a space exuding energy, vibrancy and fun. Our fitting rooms are beautifully quirky in the shape of containers. We have a giant red slide that takes you from

### Creating a unique proposition

Anyone can hire a good design company to build a store. But if you don't have a unique proposition to build on, the store

can't be successful in the long run. At Virgin Megastore, we follow a very strong ethos when it comes to business. We live and breathe customer service. We have a very strong product development team, always on the lookout for new products. So for us the next transition was design, which was actually the easiest part. We could have done Virgin Yas three years ago, but we didn't as our customers weren't ready.

Many of the Virgin Yas elements are there in our Mall of the Emirates or The Dubai Mall outlets. What we've done is expand the concept a little further. At Virgin Yas, our books section sits in a house with a nice yellow sun roof, although none of the titles are new. What we've really done is repackage in a relaxed environment. We've toned down the colours for the products to pop up. The entire experience is built around a culture of creating excitement. I don't want Virgin stores to look alike. That's because young consumers are tired of visiting boxes that look exactly the same – be it in New York, Dubai or London. Why should they come to Virgin Megastore outlets in the UAE to purchase products if they find the same items as well as ambience in their home countries? Keeping this in mind, we've collaborated with at least 30 suppliers exclusive to our UAE stores. The same







**Tips for retail entrants**

**In retail you've to start from the ground up:**

I started from the shopfloor as a salesperson. I didn't take off even over weekends. I worked in what we call the graveyard shift as I was still studying. No one can understand how difficult that is if you haven't done it yourself as not only your biological clock goes awry but your social circle also suddenly shrinks. This is what helps me bond with my team as I've been through all of that.

**Learn things from the shop-floor:** The shop-floor is a great place to learn how to display, talk to customers and assist them. I continue doing this exercise till date. A week before Christmas I go to our shop-floor, wear my vest and pick a category that I'm good at. This not only gives me immense joy but also a lot of learning by interacting with customers.

**Always keep business in mind:** While innovation and creativity are important, the retail market is cut-throat. Rents, employee costs and everything else are very high. So it's prudent to build your business slowly. It's important to bring about change but do that prudently.

**Tips for women entrepreneurs**

**Working is not an option:** Globally, there are 1.5 billion women who don't work. Now factor that into the GDP and analyse how much better off we'd be if all these women worked so that they can get better nutrition and their children can get better education. That's why to me working isn't a choice anymore.

**Identify your strengths:** To be successful, it's important to identify your biggest strengths.

My biggest is the ability to forecast future trends in consumer behaviour, and being able to spot these trends. I can also read very quickly that helps me to juggle between reading books as well as official contracts. I can read up to four books a week and also on flights between Dubai and New York.

**Maintain a healthy lifestyle as you're constantly juggling:** It's very important to maintain a healthy lifestyle, especially today when life has become so fast. But again, there are periods that are extremely hectic in retail like Q4. Hence, try to remain calm even if things are challenging. Being a very calm person, I'm fortunate in this regard. It, indeed, is a blessing.

**Set aside 'me' time:** I always remember to allocate some 'me' time, which I feel is very important. You don't want to lose yourself to wake up one day and ask 'who really am I!'

**Stop the attempt to strike a balance between work and home:** If you're a working mother, don't try to achieve balance between work and home as it's a misnomer. What's important is to keep things in perspective. Working in an industry like retail that's difficult yet fun, I always try to go home happy. Even when I'm working over weekends, I don't get upset or stressed thinking that my kids are at home. In fact, it gives me a lot of joy to see them grow up as responsible individuals. If you're doing what you love, it automatically meshes into your lifestyle. A working mother inculcates confidence in her children. However, all of the above will not be possible unless you've a supportive husband.

suppliers can supply to our competitors as well. Being a believer in a free economy, I consider this only fair. But we ensure exclusivity in our stores in other ways – through in-store ambience and exciting activities. The only thing that matters is how I position my products and target customers, to drive and retain footfall in our stores.

**Doing things differently**

Today customers are very smart, aware, sophisticated and, hence, very demanding as well. I remember a brand's tagline – 'an educated customer is our best customer' – and I completely believe in that. When customers are demanding it's good for retailers like us because they are constantly looking for more value for their money. In this scenario, for any business to remain ahead of the race, it's important to do things differently. We've done things differently, and it's proved successful for us. Today, in the lifestyle segment, it's very difficult for us to identify competition. Considering the product categories we're dealing in, I consider every retailer selling books, CDs, Apple products and so on as competition. But we're not just a book or a CD retailer and that sets us apart from the competition. We have a strong product selection ranging from t-shirts and shoes to cook books and collectibles. That makes us a lifestyle retailer, but at the same time adds a host of challenges, too, as we're dealing in over 360,000 SKUs.

Our founder Richard Branson and Virgin are synonymous with music. The concept will cease to exist without music. But we've changed the concept of music altogether. Music isn't only about buying a CD anymore. Music is buying a high quality headphone, wearing artist imprinted t-shirts, having an in-house DJ as well as organising bands to play in-store. If you love music, you'd love all facets of music. For the first time in three years, in September 2014 we registered year-on-year growth in the music category. But you can't go from zero to hero overnight. A lot of love and labour has gone into making Virgin Megastore the way it looks today.

Transforming the face of Virgin Megastore was a huge risk that today



has turned into a success story. It didn't happen overnight. I took my time to understand the market. There were internal organisational issues to deal with as well. To turn the brand from a CD and DVD seller to lifestyle required internal consent along with a high level of creativity. Being a creative person, innovation is something that I'm always keen to add. Then I got an MBA degree, which makes me an educated risk taker. I love taking risks if by doing so I can wow my customers and make our team happy.

### Sprinting ahead with large-scale expansion

Since the time we opened Virgin Yas we haven't rested for even a minute. The learning and, of course, the success has been immense. The amount of positive energy and feedback we've received from across the emirates is simply overwhelming. We ran out of stock in the first week and had to replenish very fast. We've exceeded our expectation three-fold. Now the challenge is to find the right locations. We've huge expansion plan in store. In the UAE alone we've signed five new outlets of different sizes varying from approximately 7,535 to 12,915 to 32,290 sqft.

Within the UAE, we're planning to go into the other emirates. For example, Sharjah and Al Ain have been demanding Virgin Megastore outlets for a long time. Now we're confident of taking the brand to these places. We know what kind of product offerings we need for our Al Ain outlet that's all set to open towards early 2015. This holds true for Sharjah as well. It's part of our customer-focused strategy wherein we want to reach our customers instead of them coming to us. It will also help our talent pool to grow much faster, creating a great retention story.

However, we don't want to set up too many anchor stores. Currently we've four anchor stores in Mall of the Emirates and The Dubai Mall in Dubai; Yas Mall in Abu Dhabi; and Villagio Mall in Qatar. That's because I see community malls starting to take business away from the large format malls. Of course, this holds true in case of residents because tourists will continue visiting the giant malls. As a result, we're

working on concepts that can aptly fit into neighbourhood and community malls.

### Balancing bricks-and-click

A critical element of today's retail landscape is the transition from physical to omni-channel. E-commerce has become an integral part of retail business strategy regardless of the nature of business. Virgin is no different in this regard. We're in the process of revising our e-commerce strategy and visitors will see a new look in the near future, much more in line with our new design and culture. The Virgin Megastore website will work as an extension of our store with a highly satisfying service component.

The mission is to ensure how we can get our customers to purchase more often and gradually get new customers to buy from us. We just launched ticketing, which is doing very well. There are a lot of new opportunities when it comes to e-commerce because it changes fast and we'll be able to showcase our most recent products as soon as they arrive even before they hit the stores. We can run special deals and such other initiatives to make the experience interactive and exciting. E-commerce in the Middle East is changing. Initially it was dependent on the bottom feeder, with consumers looking for the cheapest price that led to growth for certain sites, flash sales and so on. Now consumers search for style, uniqueness and that's what some new websites are feeding into. What's critical is to keep the pricing correct. At Virgin Megastore we benchmark with the US dollar. We sell impulse products that people may not even search online but stumble upon while browsing our website and make an instant purchase decision. That's where our USP lies, bringing a fun element to our customers, be it in our stores or online.

### Ensuring a sense of purpose

Virgin is a brand with a purpose. While it's incredibly important to strike a chord between our target audience and our products and services, it's equally critical to be ethical and meaningful. But we

don't believe in putting our corporate social responsibility initiatives into a PowerPoint presentation to showcase that a part of our business strategy is to do good or that a certain amount of money will go into a project just so that we can check the box. Rather we prefer being a company with 'heart and soul'.



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We strongly believe that doing good starts at home. Therefore, we always endeavour to reach out to different nationalities among our employees before going beyond. In the Azadea Group, we have a South African employee who runs marathons out of interest. This time we told him not to run even a mile without Virgin raising money for his preferred charity. He informed us that his mother works for a centre that supports disabled geriatrics in South Africa. They were in need of materials and upgrading. He ran the marathon and raised a lot of money on GoFundMe and we matched every dollar he raised from his friends and family through dollar-for-dollar that was sent to the centre. These are some of our close-to-home initiatives that we're very proud of. Finally, we've also started working with Noor Dubai among various other initiatives.

— As told to **Rupkatha Bhowmick**

*Nisreen Shocair is president, Virgin Megastore Middle East, a division of Azadea Group Holding, since 2006.* ■