

Eros Group

The big picture

Dubai-based Eros Group has had a good run over the past five years, with sales increasing 30-40% to touch AED 1.5 billion in 2008, which CEO Deepak Babani hopes will scale AED 1.6 billion this year



Babani optimistic

However, Bhabani, who has been with the group for more than 25 years, feels this will be no easy task, considering that 2009 has witnessed a drop in consumer demand, barring LCD panels, which grew by 15%.

"The current recession has been one of the biggest challenges. In the first quarter of 2009, demand was down 10-15% compared to Q1 2008. April was much better as we saw consumers settling down and May sales climbed slightly ahead of last year. We hope the recovery starts in Q3 and we expect to finish 2009 seven percent ahead of last year with sales of AED1.6 billion," he opines.

"We have identified IT as the engine for future growth. Right now, IT margins are

tight, with many multi-brand stores offering a wide range of products. However, we feel there is a gap which we can fill, so we have short-listed a few principals to supply a key range of products. New brands are also being sourced and we intend to make progress on this front as well. Basically, we'll be replicating what we do in consumer electronics," he adds.

According to Babani, home appliances are another segment where the company will be adding one or two new brands. "We are launching a Hitachi small appliances line which we will distribute across the Middle East. Some of these products have already come on the market and we hope to shore up the line by 70% this month," he says.



Touaf Badri, Eros Group chairman, Babani, Nirangan Gidwani and other executives at the Samsung LED TV launch

Retail
FOCUS

Last month, Eros announced the launch of Candy brand home appliances from Italy. "Our collaboration with Candy is unique because the brand will strengthen our home appliance segment and fill a void in our current portfolio," says Babani. "Partnering with the Candy Group reflects our commitment to leveraging best-in-the-class resources and expertise by joining forces with leading players in key markets."

“We have refrained from retrenchment because we believe cost cutting does not necessarily mean laying off employees. Rather, what we have gone in for is re-engineering and the results are positive”

"We are also looking at greater synergy in the air-conditioning part of our business by adding some more accessories to the product lines we currently offer," adds Babani.

The air-conditioning division distributes and markets Lennox - US (split duct and roof packaged AC), Hitachi - Japan (window and decorative split AC) and Thermobreak - Australia (physically cross-linked polyolefin foam insulation).

"We are particularly keen to introduce and promote energy saving electrical products in the market. We are already in touch with existing manufactures as well as new ones to expand our range of environment-friendly products," says Babani.

According to him, the Gulf region has not remained insulated from the on-going global credit crunch. "We managed well on the cost front because we were able to control our expenses, especially on rents, which represent a big portion of the cost. We have refrained from retrenchment



Marcos Corra, director, Candy Eletrodomesticos and Babani at the launch of Candy

because we believe cost cutting does not necessarily mean laying off employees.

Rather, what we have gone in for is re-engineering and the results are positive," says Babani.



Candy washing machine

The Eros Group currently has 28 retail outlets across the UAE. Its streamlined logistics, backed up by well-equipped infrastructure, and a comprehensive after-sales service set-up have helped the group remain a frontrunner in the market.

As part of its expansion and infrastructure plans, Eros has opened a 140,000 sq ft warehouse with storage facilities for almost 300 containers. Located in Jebel Ali Free Zone Authority (JAFZA), the warehouse is its second facility after Al Quoz.

"We are looking at opening a warehouse in Abu Dhabi as well, given the kind of growth we anticipate over the next 4-5 years," says Babani. "We have a mandate to build our asset base. That's important to control our operational costs, considering that our principals have not increased our margins even though prices of electronics are constantly falling."

Babani says customer service becomes even more important in difficult times and Eros has taken the initiative to reach services to the customer's doorstep by introducing a 'service on wheels' earlier this year.

"The 'service on wheels' is an industry first and a need of the times. We initially launched it for flat panels, attending service requirements for flat panels at the customer's premises itself," points out Babani.



The new 140,000 sq ft warehouse in Jafza

According to him, the service is run by qualified professionals. "A specially designed 3.5-tonne branded vehicle equipped with all the necessary instruments and electrical fittings travels to the customer's premises to attend to complaints. Subject to the level of the defect, most units are repaired in the vehicle itself and returned to the owner within hours, thereby reducing handling and servicing charges," he explains.

"Given the success of this venture, we plan to add one more vehicle in Dubai and extend the facility to Abu Dhabi and Sharjah with a dedicated vehicle for each of these emirates," he adds.

The group's retail division has successfully implemented multiple formats while maintaining its basic principles of excellence. "For example, we retail prod-

uct lines for which we are distributors in our Eros Digital Homes, which are basically mid-size stores located in prominent shopping malls and on high streets. As of now, we have 13 such stores across the UAE," says Babani.

A second retailing wing consists of shop-in-shops, with the group operating a specified section located within a high-footfall mega-shop. Currently, it operates shop-in-shops associated with Costless Electronics and Virgin Megastores, whose products the group distributes in the UAE.

As part of a selective overseas expansion, Eros plans to add Rwanda to its list of countries in East Africa where it has stores. "Being a small country, Rwanda may not be a big market. But we are looking at every good opportunity that may arise during the current global turmoil. If the opportunity exists, we are ready to go," says Babani, pointing to the example of Iraq and Afghanistan, where Eros is the sole distributor of Hitachi products. ■



A model of Candy kitchen.

Eros Group

The 40-year old Eros Group is part of the Badri Group of companies that comprises over 10 business enterprises.

Set up in 1967 with the Hitachi range of products, Eros has diversified over the years. Today, in addition to marketing and distributing Hitachi's electronic products and home appliances, it markets Samsung mobile phones and digital products, Lennox air conditioning products, Alphone intercom and security systems, Taurus brand of kitchen appliances and personal care products and Funai digital products and Candy home appliances, which it recently added to its product portfolio.