Q&A

More retailers using value proposition to attract customers

PICTURE: SUPPLIED

Eros Group has navigated the financial storm successfully **Experienced strong growth in LCD TVs and mobile phones** Has introduced small kiosk stores for better return on investment **Launched low-cost brands locally to fill gap in consumer base**

Spending on consumer electronics is expected to grow next year and retailers must prepare for a permanent change in sales patterns. Frugality is here to stay and the perception of value is today's most important attraction for shoppers. Niranjan Gidwani, Senior Vice-President of the electronics retailer Eros Group, spoke to Emirates Business about post-recession sales trends.

—How has your retail division fared over the past four quarters?
—We have been sailing satisfactorily through the current turbulent times. The take from our stores has witnessed impressive growth in the past four quarters. We have moved ahead, aggressively expanding our retail network. Overall we are quite satisfied with our performance.

—What sales trends have you noticed?
—The category which experienced maximum growth was LCD TVs followed by mobile phones. New launches by Samsung were very supportive in maintaining the growth. New models in mobiles such as Omnia, Jet and Star catered to the replacement segment, and have resulted in eating into the competition's market share. A similar trend was also seen in LCD TV. The consumer was cautious on spending, which resulted in a larger share of 32in panels as compared to that of larger sizes. Appliances such as refrigerators and vacuum cleaners have also grown in numbers.

—How did this year's Ramadan sales compare to last year?
—We did not see any noticeable change in the Ramadan sales as compared to last year. It was as good as that of last year.

—Your latest addition of 'gadget information kiosks' aims to increase consumer interaction. Are you hoping to eliminate the sales person?
—Eros Digital Points are not only for information but is also a sales location. It focuses only on handheld devices and accessories business. Hence, sales people continue to be an important part of such kiosks. The kiosks are also for generating sales and it has to be profitable as a unit. As compared to a shop, the unit rent of a kiosk is higher but cost of fabrication and manpower is much lower which results in a reduced overall cost and, hence, better return on investment. So far, we have installed three kiosks. We would like to go aggressively on this concept and are in dialogue with various shopping malls.

—What future ideas and concepts will the market see as retailers realign strategies to attract smarter, more frugal spending?
—In the past four quarters, retail operations have moved from volume-focused business to cost-optimisation. Today, retailers are revisiting their investments in order to maintain the gross profit levels. More retailers are and will continue to offer "value proposition" to attract customers. Tactically, this has become one of the most important differentiators.

—How long do you believe today's shoppers will continue to be cautious with their spending?
—Consumers are always cautious. They were cautious last year and are so this year too. Yes, the disposable income has been impacted and that has a direct link with the income they generate through the business or profession they are in. This definitely depends on the state of economy. The market is going through a reconciliation process and consumer behaviour is also going through a change. This change will be permanent. Having said that, in the initial period of recession consumers are expected to take a very conservative approach due to uncertainties ahead, which will gradually get liberal as the market starts accepting the realities and decides to move ahead.

—What was the strategy behind the introduction of lower cost brands Funai and Candy?
—In our endeavour to provide consumers with more value and plug the gaps in our portfolio of products and brands, we identified Funai and Candy as brands that could achieve the same.

Candy is an established top quality appliances brand from Italy in the washing and cooking category. The most important line up in Candy is the range of front-loading washing machines, driers, dishwashers and cookers.

At Eros, we were missing these categories in our range of products so Candy was a perfect fit for us.

Funai was brought in with the objective of providing reliable and good quality basic products at very affordable prices. Funai is an established Japanese brand that has been giving value-for-money products to consumers the world over.

—Since their launch, how have these brands fared?
—These brands have been faring very well and we are on course to make them household names in the UAE. We have embarked on a strong promotion plan for these brands and are aggressively promoting them in all retail outlets. It is still too early to talk of their market shares but we will garner a reasonable share for these brands by mid-2010.

Interview by Sean Davidson

Niranjan Gidwani

Senior Vice-President, Eros Group

**Gidwani joined Eros in January 2007 as Group General Manager.
Prior to Eros, he worked in various capacities including Consultant Director at Agio Image, Assistant Managing Director of Jel Corporation, in Singapore, and as Marketing Director at Prima Middle East. His career also spans roles with HSBC, Modi GBC, and SKF in India.**

Gidwani holds a degree in mechanical engineering and a master's in business administration and has travelled to 42 countries to build an extensive knowledge on regions such as the Middle East, South East Asia, India, CIS, and parts of Africa and Europe.

Brands he has worked with include Sony, Aiwa, Samsung, LG, Daewoo, Philips, Konica Minolta, Kodak, Nikon, Gillette, Duracell, Sanyo, Acer, Motorola, Hitachi and Benq.