

# Retailer Eros Looks to Multiple Brands, Keen Prices, to See it Past Recession

**Abdul Basit**

DUBAI — For Eros Group, survival in the fickle world of retail consumer electronics depends on keeping its prices sharp and its brands exciting, says the company's Chief Executive Officer Deepak Babani.

These elements of Eros' business strategy are vital in an economic downturn, as retailers typically slash prices during a recession to try to coax reluctant shoppers to spend. Eros' introduction this week of the Candy brand of Italian appliances is the latest of its brand-freshening efforts.

Babani's record at Eros suggests that he knows what his customers want. Eros increased its sales by at least 35 per cent in each of the past five years, with its annual sales reaching Dh1.5 billion in 2008. But this year is different. The

recession is the biggest challenge Eros has faced since the 1991 Gulf War. The company hopes to finish 2009 with annual sales of Dh1.6 billion, up just 7 per cent from last year. The first five months of this year were on par with the same period last year, before the recession hit. Sales in May were "slightly better" than a year ago, Babani said.

"I believe the price war which we saw at the beginning of the year has now ceased. Market prices are stabilising," he said. Privately-owned Eros, part of the Badh Group of Companies, does not disclose its profits to the public. Babani said that he expects the company to remain profitable this year, "unless there is more bad news globally, which seems unlikely."

Good customer service becomes even more important when times are tough, and Eros has taken an innovative approach. The company now dis-



**Deepak Babani.**

patches fix-it men in a special "Service on Wheels" truck to visit customers at home. The response has been "overwhelming," Babani said. "Many a time customers are pleasantly surprised... This service is important as it creates a

new paradigm in customer service," he told *Khaleej Times* in an interview.

Babani joined Eros 25 years ago with a degree in electronics and communications engineering. In spite of this year's sharp slowdown in sales, he believes that the consumer electronics business overall has suffered less in the downturn than some others, such as banking and real estate. He sees the demand for electronics goods as resilient, a characteristic of the industry that he attributes to a "dramatic shift in technology at reduced prices."

Improvements in technology lead to cheaper products, which in turn stimulate sales. He offered an example: "Five years back, a 32-inch LCD TV was costing Dh14,000 to customers, and now it is around Dh1,500 with some new features." Prices are likely to fall further, Babani said, thanks to a recent slide in the price of metals used to make elec-

tronic items and the cheaper costs of shipping gadgets to the UAE from overseas factories.

Eros, which started its business 42 years ago, believes "in the philosophy of increasing volume through gaining and maintaining market share. Therefore, in order to maintain our market share of various categories we would adjust pricing based on response from other brands in the market," he said.

But there are limits to any future price cuts. "We do not decrease prices to gain market share. Our prices are in line with market trends."

Eros aims to offer something for everyone. It is the UAE's sole distributor of Samsung, Hitachi and Taurus brands, and its goods range from washing machines to flat-screen TVs to computer flash drives. Its new Candy brand is the first of four new brands or product lines that Eros plans to launch formally this

year. The company also is widening its footprint in spite of the recession. Eros opened its 28th store in the UAE in March, and it plans to add another in Dubai later this year. Its new "express retail concept" shops - Eros Digital Point - are open at malls in Sharjah and Abu Dhabi. Eros is also studying U.S.-style big-box stores to decide whether to adopt the idea here, Babani said.

As part of a selective overseas expansion, Eros plans soon to add the tiny country of Rwanda to the list of countries in East Africa where it has stores. Babani acknowledged that Rwanda is not a big market. "But we are looking for good opportunities arising during the global turmoil," he said.

In Iraq and Afghanistan, for example, Eros is the sole distributor of Hitachi products. "If there are opportunities in the retail sector, we are ready to go."

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