

# Spreading wings far & beyond

Eros Group looks set to cash in on the boom in retail business with 'cautious expansions' in UAE, GCC and East Africa

Muzaffar Rizvi

**P**OSITIVE ECONOMIC indicators and strong recovery in tourism, real estate and hospitality will boost the UAE's retail sector in coming years and Eros Group is ready to cash in on the boom in the industry with "cautious expansions" in the UAE, GCC and East Africa, its top officials say.

The UAE's largest retailer in terms of number of stores plans to expand its reach in the country by rationalising its existing network of 33 outlets and is keen to add five more showrooms this year. The group, which has more than 300,000 square feet of logistics space, three modern warehouses and over 200 vehicles to cater to consumers' needs, plans to replicate its successful business model in the region.

"We are looking at expansion in the GCC countries and East African states and will make a foray at the right and opportune time," Niranjan Gidwani, deputy chief executive officer, Eros Group, told *Khaleej Times* during an interview.

The group's chief executive Deepak Babani, who also joined the meeting later, echoed similar upbeat views about the retail industry's promising outlook, expansion and availability of latest electronics products and home appliances at the group's strong network across the UAE.

"The year 2014 will be a game changer for the industry. Winning rights to host the World Expo in 2020 and strong recovery in tourism and hospitality will boost retail sector," Babani said, adding that results of the successful Expo bid will start delivering from 2016 onwards.

Eros Group, part of Badri Group, is the sole distributor of leading brands like Samsung, Hitachi, BenQ, TCL, among others. The group, which employs over 1,500 professionals, aims at achieving the number one position in marketing, distribution and retailing of consumer electronics, home appliances, telecom, IT and engineering goods and services by 2015.

The group, which was established in 1967, stands out in the UAE's \$4 billion consumer electronics retail business as it garners over 45 per cent in flat panel sales, up to 55 per cent sales in smartphones and is number two in refrigerators and number one in vacuum cleaners and gas tables. It generated Dh4 billion revenues last year and expects Dh5 billion sales in 2014 with 25 per cent growth in business due to growing demand for electronic devices.

"Technology has become an essential part of today's busy life and now it will dominate day-to-day affairs of the common man because of declining pricing and variety of electronic devices loaded with software applications for banking, aviation and automobiles," Babani said.



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25%  
growth in sales revenue likely in 2014

"Interaction with devices and automation is order of the day. I see huge potential for smartphones, tabs, LED and 4K televisions, 3D technology without glasses, wearable gadgets, among others," he said.

Gidwani, who attended the recent Consumer Electronics Show in Las Vegas, expressed the same views and said some of the new technologies displayed at the world's premier show will be available in the UAE later this year.

"I feel consumer electronics products in three categories — flat/curved TVs [with novel key feature of changing the screen mode from flat to curved with remote control], wearable gadgets and hybrid version of tablets — will hit the market this year and attract consumers across the world," he said, adding that CES regained its past glory in 2014 after few lacklustre years due to latest interesting developments in consumer electronics, home appliances and automobile industries.

"I see major growth in smartphones, hybrid version of tablets, high-end premium TVs [consumer trend shifting from 32/40-inch to 46-inch and larger size] and refrigerator segment," he said.

"We have just returned from CES Las Vegas and the technology curve is being bent literally. The new LED TVs can be bent and straightened by a remote control so your viewing pleasure is customised. There are many other technology advances that just as-

sound the mind as to how far can technology go."

**Two new brands**

Gidwani said Eros Group has currently secured distribution rights for 12 major brands in electronics and home appliances and few more names are expected to join the group this year.

"We are in talks with a couple of leading brands to secure their products' distribution rights on exclusive or near exclusive basis and are confident of adding at least two more brands this year," he said.

"We are in talks with various brands in electronics and non-electronics categories to ensure we continue to grow. We expect some announcements to be made in the second half of 2014," he elaborated.

He said the group is all set to venture into "restaurant business" to cover risk

factor and sustain consistent growth in coming years.

To a question, he said the group is comfortable with the present mid-size format of its showrooms, however, he didn't rule out large-format or big-box format stores in coming years.

"We have been actively considering the large-format stores, but no decision has been taken yet," he said, adding that various key factors are being taken into consideration before reaching a conclusion in this regard.

"Retail business in malls is on the rise while high-street business is declining day by day. We are analysing the latest trends and will act accordingly in larger interest of the group," he said.

He said Eros Group is all set to move into new headquarters in a multi-storey building near the Mall of the Emirates in the second half of this year.

**DSF plans**

Eros top executives said Eros Group invests heavily in various promotions for Dubai Shopping Festival (DSF) and expects good sales during the month-long event.

"We have gone big for DSF in 2014 and looking for up to 25 per cent sales growth this season," Babani said.

He said DSF usually accounts for about 20 per cent of the year's business and that is a good way to start the year. The challenge is to keep the momentum going during February and March where there is a slowdown,

but "we have plans in place to address those concerns".

"Eros has always been a winner at the biggest shopping event in the region. The event is well promoted and this year there is more light and sound and a distinct buzz in the city which ensures we are going to have a fabulous year," he said.

**2014 business outlook**

Gidwani said 2014 will be a year of change. It is the first year after the Expo 2020 announcement and it will be a period where investments will flow in. This is a positive sign, but real growth will only start to trickle in the next couple of years gaining momentum only later.

He said it is too early to discuss the impact of World Expo 2020 on retail business, but there is no doubt that the event will give a boost to the industry in the long run.

"Initially, the growth rate will remain steady, inflation and rentals will show upward trend during next couple of years while infrastructure spending, stability in real estate sector and recovery in tourism will fuel growth in retail business up to Expo 2020," he said.

"We have targeted a growth of 25 per cent over 2013 and we are confident of exceeding these numbers," he said.

"In 2013, we registered a 20 per cent growth over 2012. This was largely due to the fast-paced growth of smartphones and the success of Samsung's S4 and Note 3. New brands like Sonos and TCL are in their growth phase which ensures they add value to the growth as well. Our expansion in retail has also helped the growth and we intend to open five more stores in 2014," he explained.

Babani said retail is going to be game changer and his group is ready to face the challenges ahead in the wake of winning rights to host Expo 2020.

"There is a lot of retail expansion happening in established malls and there are new malls opening. What this spells is shopping paradise and we are ready to welcome all customers."

About the competition in retail sector, he said: "As a distributor and retailer we walk a thin line. We work closely with all channels and maintain brand and retail integrity at all points."

To a question about the impact of India's move to ban duty-free TV imports on sales, he said the company suffered a 25 per cent drop in TV sales during the second half of 2013. However, despite sales decline the value of TV sales rose by approximately seven per cent.

Regarding the re-opening of trade channel with Iran following a move to ease sanctions, he said it would be a step in the right direction and will benefit the region in general and the UAE in particular.

"If sanctions [on Iran] are lifted, it would be good for trade and equally benefit the retail sector," Babani concluded.

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**DSF PROMOTIONS**

- > Eros Digital Home is offering customers a chance to win a 85" Ultra HD Smart TV.
- > Also with a slew of freebies and price discounts customers can get the very best brands at the best prices.
- > Eros brands also have a slew of promotions with Hitachi giving customers a chance to win a House of Dreams complete with a wide range of Hitachi appliances.
- > TCL is promoting its brand new 4K Smart 3D 85" TV for one lucky winner.
- > Samsung also has a slew of offers.
- > Besides all the above raffle promotions all brands have put their very best on display with price discounts and also offers that include a 32" LED TV on select models.



Eros Group, which stands out in the UAE's \$4 billion consumer electronics retail business, expects Dh5 billion sales in 2014. It generated Dh4 billion revenues last year. — KT photos by M. Sajjad