**Marketing Management assignment**

**Lecturer:** Clay Gervais

**Submission date:** May 14th, 2020

**Location:** Kingdom of Bahrain

**Student name:** Rahul Sharma

**Student id:** ABSMBABAH001

1. **Executive Summary – summarizing points 2-8.**

Bahrain’s retail sector and wholesale sector is the second largest contributor of foreign direct investments in Bahrain (according to Foreign Investment Survey published in Asharq Al-Awasat newspaper on June 14th, 2019). It in fact, continues to further boost the expansion of Bahrain’s non-oil sector which augmenting its growth by 2.73% in the first quarter of 2019 (source: The World Investment Report issued by the United Nations Conference on Trade and Development).

Considered an important commercial hub amongst the GCC states, with its well-established retail sector with regional groups operating their shopping models, Bahrain’s retail sector growth is triggered by international brands launching their retail operations and the influx of regional visitors from neighbouring countries.

Moreover, shopping malls in Bahrain, continue to be one of the main attractions, seen as community centres which attracts high footfall over the weekends/public holidays where people from all walks of life (locals/expatriates/families/millennials) indulge in shopping, engage in cultural activity and social interactions.

City Centre Bahrain (CCB), owned by UAE-based Majid Al Futtaim (MAF) group is one of the most popular retail shopping destinations in Bahrain attracting close to 14 million visitors annually with the largest portfolio of local and international brands. The brand within the first three years of its operations, changed the dynamics of the retail industry giving tough competition to other long-standing established players like Seef Mall. Even with recent new mall developments such as The Avenues Mall, CCB still continues to lead in the shopping mall category with its well-balanced retail offerings portfolio which it continues to evolve (last year they launched 20 new outlets as per the news report on [www.citycentre.bahrain/mediacenter](http://www.citycentre.bahrain/mediacenter)) to cater to all segments of the local community and specifically, the all-important millennial generation, who are on-trend and digitally-savvy.

However, with the rapid advance of technology, there is a growing convergence of physical and digital retailing with consumers searching online and buying offline; searching offline and possibly buying online; or buying online and then picking up in the store. This has created both challenges and opportunities for shopping malls in Bahrain, and City Centre Bahrain continues to adapt itself to engage and sell to its customers in the most convenient and cost-effective way.

On its high-traffic and user-friendly website, City Centre Bahrain hosts its retailers enabling customers to visit brands online, browse latest collections, make their choices and even buy them online with select retailers and have them picked later by visiting the mall. It has been the launchpad for several telecom companies to demonstrate their latest technology and attract trials thereby helping the mall to be at the forefront of meeting the needs of increasing urbanization and consumers’ changing notion of convenience.

However, the mall still needs to make transformational changes in adapting further on technology with the evolving times. And while this is good to attract millennials, the mall also needs to invest in wide-variety of family-oriented experiences for its target audiences and also to be able to continue to attract regional visitors which has witnessed a slight downturn.

1. **Brand Overview – describe the current status of the brand with a brief historical background. Also define the brand’s current state on the Product Life Cycle.**

Majid Al Futtaim (MAF) is one of the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa and Asia, which owns, develops and operates 26 destination shopping malls across 5 countries, 13 hotels that are operated by international hotel brands and 4 mixed used communities in UAE, Oman and Lebanon, with further developments underway in the region.

The MAF group, based out of the UAE, their shopping malls portfolio includes Mall of the Emirates, Mall of Egypt, City Centre malls and My City Centre neighborhood centres, and 4 community malls which are in joint venture with the Government of Sharjah.

City Centre Bahrain (CCB) is Majid Al Futtaim’s (MAF) retail offering in the Kingdom of Bahrain which has been operating on the island close to 12 years, having first opened its doors to the local community in September 2008. Boasting a retail space of 207,000m², the shopping mall features two luxury hotels, an energy centre, a 20-screen cinema and multi-storey car park, the complex includes a dramatic 40m high glazed atrium roof and the Middle East’s largest indoor climate-controlled water park.

To develop the £200 million mall in Bahrain, Mott MacDonald was appointed lead consultant and engineer by Majid Al Futtaim for City Centre Bahrain, who were responsible for the design of all structural, mechanical, electrical and public health services plus roads and infrastructure, vertical transportation, lighting and façade engineering services.

City Centre Bahrain is the largest shopping mall in the country, attracting close to 14 million visitors, locally and regionally annually. The mall features the most extensive range of over 340 homegrown and international brands and with an extensive offering of family entertainment and leisure activities, making it a highly frequented destinations among shoppers and tourists from across the globe. The mall has successfully retained its top spot as the prime shopping, leisure and entertainment destination in Bahrain amongst 14 other malls, reinventing and expanding its competitive retail offering with the opening of twenty-two shopping and dining concepts last year.

1. **Competition Overview**

Retail is considered to be one of Bahrain’s most dynamic sectors, as it continues to witness growth in development and investment in the retail sector, despite a relatively small population.

The Kingdom attracts a growing number of tourists from its neighbouring countries specifically over the weekend and public holidays, reinforcing the fact there is an increasing demand for larger scale retail complexes with a leisure and entertainment focus. Contributing significantly to Bahrain’s non-oil GDP sector, the current retail industry of Bahrain boasts of 14 shopping destinations, with occupancy levels at an average of 78% across all properties. The main shopping malls include (and not limited to, there are a few community-focused retail centres also). Source: News article in BizBahrain magazine Jan/Feb 2020 issue on ‘Malls in Bahrain’:

|  |  |
| --- | --- |
| **Mall** | **Details** |
| **Al Aali Mall** | Located in the business district of Seef, Al Ali Mall with its 52,000 square meters, is one of the oldest shopping destinations and perceived previously for its luxurious and sophisticated ambience and high-end brands. Currently, the mall revived its offerings with food & Beverage offerings hosting some of the locally popular and international brands |
| **Yateem Centre** | Considered to be Bahrain’s first retail mall which opened 25 years ago, this is still considered to be popular amongst Bahraini families and is located in the traditional souq. |
| **Bahrain Mall** | One of the oldest malls in Bahrain, spread over an area of 70,000 square meters, the mall welcomes 480,000 visitors per month |
| **Seef Mall Seef** | The second largest mall in Bahrain and one of the malls, managed by Seef Properties, is sprawled over a total area of 135,000 square meters. It features more than 370 outlets and hosts around 25,000 visitors a day.  The holding company also has other malls across different parts of Bahrain under the same name, Seef Mall Muharraq and Seef Mall Isa Town. |
| **City Centre Bahrain** | Part of the regional retail group, Majid Al Futtaim, this is the most popular mall in the country, operating since 2008 with over 340 brands and 60 dining outlets, spread over 158,000 square meters, attracting close to 14 million visitors annually |
| **MODA Mall** | With a world-class address in the iconic Bahrain World Trade Center, MODA Mall stands out as Bahrain’s only luxury shopping destination offering the perfect blend of high-profile retail brands, modern cafes and fine dining eateries across its 150 outlets. |
| **The Avenues** | Opened since 2017, and part of the Kuwait-based Al Shaya group,The Avenues Mall Bahrain is a waterfront shopping centre located along Bahrain Bay in Manama, featuring almost 40,000 square meters of leasing space with 130 stores. |
| **Oasis Malls** | A joint venture between Landmark and ARG, Oasis Malls in Bahrain are located in Manama, Muharraq, Riffa, Juffair across an area of 60,000 square meters and is slated as the third largest mall in Bahrain. |
| **Saar Mall** | Established in 2013, this friendly neighbourhood mall is spread over 7,500 square meters, with three foors and over 70 retail shops |
| **Mall of Dilmunia** | One of the recent retail offerings to open in Bahrain, this is a project by Dilmunia Mall Development Company, featuring retailers from across the MENA region that are yet to enter the Bahraini market. |
| **Juffair Mall** | Servicing the Juffair area and beyond, the 5-storey Mall became even more popular when the Lulu Hypermarket opened as its anchor store, becoming the 120th Lulu store in the region. |
| **Enma Mall** | It first opened its doors in 2012, covers 55,000 square meters and features some of the well-known brands. |
| **Dragon City** | Featuring 787 commercial units, Dragon City is the largest wholesale and retail trading centre in the Kingdom of Bahrain, located in Diyar Al Muharraq.  . |
| **Marassi Galleria** | Yet to open, Marassi Galleria, part of Marassi Al Bahrain, is a 200,000 sqm shopping mall that will house some of the world’s top retailers. |

Amongst the main competition considered by City Centre Bahrain, Seef Mall Seef and The Avenues Mall which attracts an annual footfall of 8 million and 4.5 million visitors.

1. **Target market**

Retail commands a significant contribution in Bahrain’s economy, with sustained expansion particularly across large malls. The market is worth BHD 2.2 billion, attracting approximately 51 million guests per year, according to KPMG 2017 report (published on <https://www.consultancy-me.com/>). Yet it continues to evolve with a wide variety of concepts located in traditional souks, modern retail and entertainment destinations and lifestyle malls.

According this KPMG report, the retail market of Bahrain has tripled in capacity over the past ten years, growing at a compound annual growth rate of 13% from 279,000 square meters in 2007 to 948,000 in 2017. And this trend is expected to continue, with a forecasted CAGR of 13.4% which can be attributed to the rise in 3.5% annual population growth in Bahrain together with a household income growth of 5%.

In the retail sector, shopping malls are categorised into different grade based on their retail offerings, target audiences, footfalls and expansion plans.

Amongst these, City Centre Bahrain, Seef Mall Seef and The Avenues Mall Bahrain fall in the category of Grade A malls, offering a number of international retailers such as upscale department stores as well as franchised food and beverage offerings and entertainment options like cinemas and family centres. These account for approximately 90% of Bahrain’s retail GLA (gross leasable area) together, while a majority of other malls, such as Bahrain Mall, Al Aali Mall, come under the Grade B malls – which have a supermarket and/or a department store but a limited selection of international retail brands.

Retail is also considered to be the main driver of tourism to Bahrain from neighbouring countries with its 10 million annual tourists and 77% of its retail revenue coming from them (according the Bahrain Economic Development Board Tourism Investment Brochure 2018, published on bahrainedb.com). Moreover, at least 65% of these tourists originating from Saudi Arabia which pushes Bahrain to take a proactive approach to build in greater resilience in the sector.

1. **Segmentation – Demographic, Behavior,** **Psychographic**

Bahrainis command 61% of the local population in the Kingdom, contributing 74% of the retail potential. Rest of the population are expatriates comprising Arabs from GCC, Levant and other countries; Asians, Westerns and other nationalities. There’s also significant consumer traffic coming from KSA and contributing to footfall at the mall.

The country is considered to be a family-friendly destination, with its welcoming culture and relaxed lifestyle compared to UAE and Qatar and remains one of the best places for expatriates to work and live in the Middle East.

Shopping and family entertainment are considered to be top leisure activities for all demographics and nationalities living in Bahrain and is also a community-building activity. There are varied opportunities and choices for all age-groups of people and the large-scale malls such as the City Centre Bahrain cater to everyone’s needs be it in terms of retail offerings, food & beverage choices, and entertainment options.

The main target audience for City Centre would be Bahrainis and Saudis, who are affluent and comfortably off with high disposable incomes. Amongst the Bahrainis, they would be from Manama, Muharraq and Riffa – predominantly high-populated areas with local population, spending majority on fashion, electronics and leisure and entertainment.

There’s a growing need amongst the consumers for more upscale shopping experiences with the majority of footfall traffic generated to the malls is over the weekends because of inbound traffic generated from KSA eastern Province. Given the restrictions in KSA, these consumers like to engage in food & beverage, fashion and leisure and entertainment – which makes it their top spending categories in Bahrain.

As for the spending patterns, leisure & entertainment, fashion and electronics in terms of retail offerings at City Centre Bahrain command the top categories from its audiences. Amongst its customer profiles, Bahrainis and GCC Arabs (Predominantly Saudis) generate 70% of CCB’s Total Footfall and 79% of Total sales.

1. **SWOT – City Centre Bahrain (CCB)/Bahrain Retail sector**

**Strength**

* CCB is viewed positively by key consumer segments
* High contribution of Eastern province visitors to its footfall
* Its potential target audience location is considered to be highly-penetrated and wealthiest in Bahrain

**Weakness**

* Excluding the contribution from KSA visitors, Bahrain’s retail market in Bahrain is fairly limited depth in terms of Population and Total Retail Potential.
* Negative consumer experiences within parking and accessibility services
* Duplication of many of CCB’s F&B offering at other malls continues to dampen its and reduces the appeal of the overall F&B offering

**Threat**

* Opening of other shopping destinations is impacting the total gross leasable area for CCB
* Further segmenting its consumer base with shoppers now have options to visit other and more up-to-date malls
* With family entertainment and celebrity concerts now taking placing in KSA, it continues to impact the no. of weekend tourists coming to Bahrain and CCB

**Opportunity**

* Diversified retail mix providing an opportunity for CCB to dynamically evolve and remain “on trend” and tailored to consumer demand
* Increase average spend on Food & Beverage retail offerings
* Improve customer experience through mall amenities such as parking spaces
* Digital offerings to help consumers connect with their favourite retailer

1. **Market Research** 
   1. **Product – BCG matrix for City Centre Bahrain**

Department stores

**Question**

**Star**

Fashion

Kids stores

Food & Beverage

**Dog**

**Cash cow**

Home Furnishing stores

Entertainment

Electronics

Hypermarket

* 1. **Place – Choice of retail strategy**

CCB currently enjoys a diversified retail offering across categories, each contributing significantly to their gross leasable area. This includes Fashion as the lead category sales generator followed by Entertainment, Food & Beverage, Department stores, Hypermarkets, Home Furnishing stores, and Electronics and other retailers.

In the fashion category, it is heavily dependent on the performance of its three Unisex fashion stores Zara (this one is further expanding its retail outlet with remodeling), H&M and Max while in the department store category, Saks Fifth Avenue is a significant contributor attracting sales from high-end customers. However, this category is weighed down by the closure of its another department store, Paris Gallery.

In terms of hypermarket, Carrefour as its anchor hypermarket and part of the holding group, Majid Al Futtaim, has been rapidly expanding its presence in Bahrain with the opening of its 13 stores. Given that Carrefour had its exclusive presence at CCB for a number of years, with the expansion at other locations, this has negatively impacted footfall and sales at Carrefour in CCB.

In Food & Beverage, there has been a slowdown across the region and with most of the outlets operated by Kuwait-based Al Shaya Group in CCB, similar and high-footfall brands such as P.F.Chang’s, Asha’s have also been opened in their own mall at The Avenues taking away the exclusivity from CCB Food & Beverage offerings.

With regards to electronics, CCB relies heavily on category sales from Sharaf DG as its sole electronics retail provider.

* 1. **Price – penetrative or skimming or competitive**

Bahrain retail sector is forecasted to have a CAGR of 13.4% to expand the estimated 1 million square meters of gross leasable area (GLA) currently out to 1.2 million sqm over the next two years, according to KPMG 2017 report (published on <https://www.consultancy-me.com/>).

City Centre Bahrain enjoys dominance in Bahrain’s shopping malls category which forced majority of other malls to slash their rental rates by up to 75 percent in a bid to retain high profile tenants and compete for footfall with CCB. The malls which further dominated the Seef and Sanabis and now with CCB also in the same strategic location, has been largely cannibalized by CCB to attract many of the key tenants from the other malls, and that too at almost double the rental rate. This has been CCB’s penetration price/leasing strategy to attract large tenant portfolios segments with almost every local and international brands choosing to launch or expand their retail operations in CCB as it would help reach wider consumer segments. This negatively impacted many other malls with increasing vacancy rates and lower profile tenants forcing them to reduce their rental rates to maintain both occupancy and footfall levels.

**7.4 Promotion – pull or push strategy including choice of medium – digital or traditional**

City Centre Bahrain actively uses a combination of push-pull approach to attract its retail customers – existing and new through compelling shopping experiences.

To highlight new tenant collections or products and leverage special occasions such as Ramada, Eid and festive holidays, it launches ‘Shop & Win’ campaigns rewarding its customers with a chance to win prizes in raffle draws. Combined with unique on-ground activations that entertain the crowds and enables its wide portfolio of tenants to engage with customers, this is part of MAF Group’s regional strategy to sustain its 93% mall occupancy across all its retail properties ([www.majidalfuttaim.com](http://www.majidalfuttaim.com)).

In Bahrain, CCB enjoys a 94% mall occupancy rate and this has been possible due to its high-performing campaigns introduced every quarter, which continues to witness an increase in shopper's participation and transaction value across shopper segments.

Taking the MAF groups’ regional activations and adapting it to local sensibilities, CCB aims to create great family moments for all visitors, with instant prizes and entertainment. Some of the recent activations include

* an immersive journey to the North Pole, through beautiful scenery, and an exciting 4D experience onboard the train which attracted close to 50% customer participation in the ‘Shop & Win’ campaign
* Mall’s first pop-up art exhibition, an ‘Art City’ where customers could meet artists and art lovers which had over 100 participating artists from nine nationalities and together exhibiting over 1,000 art pieces
* ‘Fashion Robot’ offering customers to instantly received a one-of-a-kind 3D printed T-shirt designed by them and crafted by the new-age fashion robot in real time
* Crowd puller shows by bringing in famous cartoon shows and characters to on-spot enactments to provide entertainment for the whole family during public holidays

While the mall engages heavily in outdoor and print media to promote its campaigns (these command high visibility and readership), digital media is also actively used to profile its retail activities and promotions on website and social media channels.

CCB’s website enjoys a high browser rate among its target audience and social media is a key influence on visitation and purchase decisions by Bahrainis and Saudis. Online events and offers prove to be highly influential for its customers to make purchase decisions whereas its Instagram channel with 137K followers, boasting highest number of fans in comparison to its other two competitors, Seef Mall and The Avenues Mall.

City Centre Bahrain’s Instagram channel (@citycentrebahrain) tops as a sharing and high-engagement tool to generate awareness about its upcoming activities/offers amongst the local and regional community.

The company also has an active regional mobile app which is a personal, on-the-go guide to the finest offerings in all MAF-operated City Centres around the region. Last but not the least, the mall continues to embrace technology by offering free wifi access to all its visitors and tracks the movement of its pre-registered wifi users by engaging them with personalized welcome messages upon their arrival at the mall.

1. **Conclusions and Recommendations – suggestions for change in current practices if any to make it more effective should be discussed.**

City Centre Bahrain needs to maintain and grow its penetration and build loyalty in key wealthy zones of Bahrain – Manama, Muharraq while also retain and increase its Saudi market share by attracting growing number of visitors from the Eastern causeway.

For this, the mall should consider engaging with different stakeholders – public and private, and tenants to explore partnerships and joint initiatives. Some of the recommendations include

* Collaborating with local government authorities such as Bahrain Tourism & Exhibitions Authority to create cultural and shopping festivals
* Organising experiential Fashion & mall wide promotions during key shopping seasons (Spring, Summer, Fall, Winter) with new product launches & in-store fashion shows, to help profile the mall’s large portfolio of fashion retailers
* Promoting new stores & unique brands such as Saks Fifth Avenue with VIP events hosted in malls hotel to create exclusivity for its affluent customers
* Kids edutainment that blends educational experience, technology, fun & games to promote kids/toys brands eg. Hosting similar events such as the previously hosted Trolls show with favourite characters Poppy and Branch
* Capitalising socially celebrated occasions (Valentines, Mother’s Day, Eids and National Days) for providing wholesome family entertainment
* Introducing more cross promotion offers by leveraging its mall cinema partners and Food & Beverage retailers
* Nominating & tying-up with Influencers to increase online reach & conversion – and generate Brand Ambassadors to help create their own personalized experience at the mall/brands and in turn help CCB engage with their followers

1. **Appendix**

* [www.majidalfuttaim.com](http://www.majidalfuttaim.com) – regional website and social media channels
* <https://www.mottmac.com/> - property consultants of the mall
* [www.cbre.bh](http://www.cbre.bh) – Bahrain commercial and residential market overview
* [www.bizbahrain.com](http://www.bizbahrain.com) – [News](http://www.majidalfuttaim.com) article on ‘Malls in Bahrain’ published in Jan/Feb 2020 issue
* <https://bahrainedb.com/app/uploads/2017/06/Bahrain-EDB-Tourism-Investment-Brochure-2018.pdf> - Economic Development Board Bahrain
* <https://www.consultancy-me.com/news/399/bahrain-retail-sector-rises-to-bhd-22-billion-but-growth-will-need-tourist-focus>
* <https://www.arabianbusiness.com/bahrain-malls-slash-rates-by-up-75-amidst-city-centre-dominance-444289.html>
* [https://english.aawsat.com//home/article/1767376/bahrain%e2%80%99s-economy-achieves-273-growth-first-quarter-2019](https://english.aawsat.com/home/article/1767376/bahrain%e2%80%99s-economy-achieves-273-growth-first-quarter-2019)
* [www.citycentrebahrain.com](http://www.citycentrebahrain.com)