

A blend of words and harmony

If you are a book reader or into music and movies, you will get the best at Landmark,” declares a proud Himanshu Chakrawarti, the chief operating officer of a chain of stores that has expanded and enriched Trent’s business.

The acquisition of Landmark in 2005 was a sought-after opportunity for Trent to enter the books and music segment. Landmark was then a 17-year-old books and music retail brand with a presence in south India, with potential to grow. Says Mr Chakrawarti, “It was a fantastic business model in terms of long-term opportunity and fitted well with Trent’s objective of being present in various verticals.” The aim was to grow the brand nationally, to make it the largest in its category in five years, and to look at opportunities beyond the existing format.

The strategy has been successful. With Trent’s backing, Landmark has not just become a national brand, it has gone beyond the original concept. The chain has widened its customer base to include new and growing segments — children and teenagers, for example — by offering toys, gaming options and soft electronics. It has tied up with Disney (Landmark outlets are the first to display new Disney products in India and the Hyderabad store is the only one in the country to have a Disney play area); it also has strong associations with Funskool, Mattel, Pogo and Cartoon Network.

A focus area has been the development of smaller formats: the Landmark chain now includes seven hotel bookshops, five airport bookshops and one hyper bookstore. Overall, Landmark

has a pan-India presence through 26 stores, a significant advancement from the three stores it ran four years ago. This year it plans to open five to six large stores in metro cities. Critics say that Landmark could have grown at a more rapid pace — it contributes about 20 per cent to Trent’s top line — but Mr Chakrawarti insists brand building and expansion are going according to plan.

Landmark’s business model has its own distinctive challenges: first, it is a ‘long-tail model’, which means it has to offer the largest range of books; second, each store has to meet high standards in customer service (this goes beyond customer management into specific domain knowledge); and third, the chain needs experienced managers and employees who can develop the format well.

“The three parts go together and they need time to develop,” says Mr Chakrawarti. “If we try to accelerate beyond a certain speed then the whole



thing will fall apart. Having untrained people will affect our customers' experience and that will compromise what the brand stands for. So we have deliberately chosen a steady pace for growth."

Developing new strengths

Landmark is able to offer a wide range of books because it is strong in distribution, through its subsidiary, Westland, one of the oldest distributors in India and the second-largest distributor of general books in the country.

The big challenge has been in finding and training people who are interested in books and music. Unlike other areas, domain expertise here is constantly changing, which implies that training has to be a continuous process. What has helped the chain is that its supervisory and managerial teams have been virtually unchanged since the acquisition by Trent, thus providing a core of strength.

An area that Landmark is actively exploring is events and customer experiences. The stores run regular events to give customers an opportunity to interact with authors and musicians. Last year, a 'meet Jeffrey Archer' event attracted a large gathering at the stores, so much so that sales were affected on that day; however, the payoff is that this kind of affair helps bring customers back.

Landmark's 'the fellowship' programme goes beyond awarding points to having more-than-useful interactions with customers: there are 'Landmark recommends' catalogues, special shopping hours during sales and home delivery facilities. The chain ensures that customers get what they want, even helping them procure titles not currently in stock (a centrally-controlled process ensures that over 150,000 such orders are fulfilled every year). Customer complaints and suggestions are handled through a structured methodology that ensures immediate attention. In Bangalore, for instance, Landmark, in response to customer requests, has added extra cash registers at weekends to deal with the rush.

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Himanshu Chakrawarti

Two years ago, Landmark started exploring newer formats with smaller bookshops at airports, hotels and information technology parks, as the rise in retail rentals made it difficult to find



Landmark

Format: Long-tail retailer

History: Acquired by Trent in 2005 (established in 1987)

Selling proposition: Wide range of books and music

Key categories: Books, music and movies; also, gaming products, toys, stationery, gift items and home ware

Store size: 25,000-35,000 square feet

Presence: 26 stores across India; small-format outlets at airports and hotels

Plans: Four-five large stores a year

new spaces at optimal prices. These shops, about 200-1,000 sq ft in area, stock a limited range of books. In a large store there could be 15 subcategories in business books, whereas at an airport there would be books only on management and information technology. "We are looking at our formats as different opportunities to connect with the customer," says Mr Chakrawarti.

Yet the core of Landmark's business strategy remains the same: to become the most preferred retail store for books and music. To further this, the chain has started an online business www.landmarkonthenet.com, which represents just a small proportion of its current business right now but has the potential to grow. Mr Chakrawarti says, "We are the second largest in online book sales, but we want to be the largest and that will come through certain alliances."

Landmark is the leading bookseller on the Indiatimes and Rediff portals and has just become an exclusive partner on NDTV 24x7. It is also exploring mobile phone applications and music downloads. The long-term plan for the brand's online business is to be an entertainment portal.

Facing new challenges

While the electronic space offers exciting opportunities, it also poses a threat for the book business with the advent of e-books and downloads. "It's a scenario that is spoken about whenever technology has evolved," says Mr Chakrawarti. "I firmly believe that reading as a habit will not disappear. Will

the format change? That may happen. The only way to deal with it is to have a presence in both formats. I see e-books having a good market in the future, especially for people who travel and youngsters who adopt technology more easily. But it may not go beyond a single-digit contribution to the books category.”

With technology changing rapidly, Landmark will have to evolve to address new challenges and update product categories. In the music segment, it continues to offer a wide range of CDs, but is also investing in alternative formats such as flash drives, iPods and digital music downloads. Landmark has set up gaming centres and expanded into soft electronics such as laptops and printers, digital cameras and GPS devices. “The challenge lies in making the transition to new formats while ensuring that your business keeps growing,” explains Mr Chakrawarti.

Does he see a conflict in this area with Croma, another Tata retail brand in the electronic retail space? “There is no conflict, maybe a slight overlap. The core of Croma is really white goods, brown goods and consumer electronics. Our strength lies in selling more technology accessories. By the same logic, there is some amount of overlap between Landmark and Westside in terms of gifts and toys.” That said, there are significant synergies between the Landmark and Trent retail brands in terms of property acquisition, operations and the sharing of customer databases.

Going forward, Landmark is looking at increasing the number of stores it operates, building alternative formats and e-commerce infrastructure, and improving the skills of its people. Then there is the objective of expanding the brand’s outlets in big urban centres, where opportunities are obviously greater. “Currently, we have a really small presence in metros,” says Mr Chakrawarti bluntly, “so there is huge scope for growth.”

Making sweet music and reading the future — that’s the Landmark goal as it gets ready to embark on the next phase of its journey. ●