

BUSINESS PLAN 'Shopping and Entertainment Center in Moscow' (with financial model)

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Abstracts

Business Plan Description

Role of shopping and entertainment center (SEC) extends beyond the consumption today. Due to the growing tendency of shopping centers attendance by the Russians, their concepts must be formed according to the structure of consumer preferences with the allocation of a special place to entertainment establishments. That's why the project idea is the construction of shopping center of entertaining character with elements of pricing concept for attractiveness of broad population masses of Moscow.

Target audience: young families with average or above average income, that live in the *** district in Moscow.

Competitive environment. The undeniable advantage of developed SEC is that it is the only trade enterprise of such format in over *** district of Moscow. Nevertheless, the competitive influence of those shopping complexes, which are situated along the same lines of communication, should not be underestimated, especially accounting the fact of broad awareness of population about them. Retail trade enterprises, the amount of which in *** district is 90, as well as restaurants, cafes and bars in their total amount of 25 can make indirect competition for developed SEC.

Choice of SEC concept. Since the SEC is considered by the Russians as a place for leisure activities more often, this has identified the centerline idea of SEC construction. But due to the reduction of goods consumption in Russia, it is advisable to lease the space to trade operators selling their commodity at democratic prices that will contribute to attraction of large flow of buyers.

«***» SEC must be associated among visitors as a shopping center with a large pool of major network operators, oriented on wider population, and offering so extensive range of products as it is possible in a single center.

Approaches to the risks mitigations:

risk of low attendance of buyers: the awareness of population of *** district about developed SEC, creating of excitement around its opening. It is necessary to include such kinds of promotion as outdoor advertising, advertising flyers, creation of profile groups in social networks and search engine optimization of site of «***» SEC;

risk of uneven visiting of SEC separate zones by buyers: for risk avoiding the complex of SEC flow control and accommodation of trade operators in accordance with consumer logic is offered.

Excerpts from Research

The construction of SEC is planned in ***district of *?D in Moscow on the lot approximately equal to 2.4 ha.

Positive sides of SEC location:

two metro station of various branches with passenger turnover of 48,550 and 42,740 people a day are placed near;

a good public transport interchange;

an average congestion of motorways leading to SEC amounts to 1-2 points on a ten-point scale.

Negative sides of SEC location:

poor visibility of SEC because of the dense housing of *** district;

about 40% of population of SEC coverage is younger or older than working age.

All floors of «***» SEC will be spatially connected by vertical communications: escalators, elevators and stairs. It is planned that they will penetrate the building and layout it by functional zones: trade, sport, office, children's, play, which leads to economic favorable and quick moving of visitors inside the building in accordance with aims of its visiting. The project will be one of the not numerous complexes, where single level heated underground parking with total amount of car places ** is implemented.

By the results of the second quarter of 2014 in general over the Russian Federation the sales of food have reduced for the first time during five years. In particular in Moscow only in January and May of 2014 the real cash income of population exceed the indicators of similar period of previous year. According to the data of Mosgorstat, the share of payment exactly for goods and services is still dominant in total population expenses – more than 60% at June of 2014. Although this indicator decreased by 14% in comparison with the beginning of 2013.

The existing tendencies indicate that it is necessary to add one more emphasis to entertainment character of projected SEC, which is a democratic of prices. The advertising of SEC must show the budget variants of different goods purchase. Constantly increasing population of Moscow and insufficient amount of retail space (** sq m/1 000 people) leads to the reorientation of significant part of client base from small trade enterprises to large SEC, where the price level is lower (the prices without significant damage for owners will decrease through economies of scale – due to the reduction of share of fixed costs per unit of goods).

Moscow market was replenished by *** thsd sq m of new space in the second quarter of 2014, which exceeds the yearly indicator of 2013. By the results of the first half of 2014 the total supply volume was amounted to ** mln sq m. The important fact is that since 2015 the tax rate will be determined depending not on the total but on useful building area (like it was earlier). Based on the foregoing, it is possible to make a conclusion that the competition for analyzed SEC in the Moscow retail space market has increased by an order during the current year.

The initial capital expenditures for concept development, purchasing of land lot, building materials and the SEC construction itself amounts to *** USD. The annual charges of *% of revenue as remuneration of invited specialists from the management company is anticipated by the project. The necessary budget for advertising and marketing amounts to *** USD.

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