

## Locations for competitive advantage Retail Case Study

A retail store's performance depends on a variety of factors: location, socio-economic potential, area-specific growth and consumption trends, evidence-based sales forecasts, competition and potential cannibalisation. Finally, the general infrastructure in the catchment area.

These were the critical factors for which a leading retailer in Romania asked for our support. With an ambitious plan to ramp up from 292 to 500 stores (a growth of 42%) within two years, it was essential to have access to **integrated information and speed of action to assess the risks involved**. In particular, the client needed to **visualise their current locations and those of their competitors**. In addition, they required the ability to identify their catchment areas and **extract relevant information** (socio-demographics, penetration indices, minimum 'basket', etc.) in order to assess the area potential in an easy and consistent manner anywhere in the country; also, **speed** was of the essence!

Very early in our problem solving with the client, it became clear that unless they had access to an integrated tool to visualise, analyse and manage information, their expansion objectives were going to be impossible to reach.

Moreover, the client reported a number of embarrassing situations when they had not been able to **document and inform their prior site-selection decisions**. Furthermore, the 'Expansion department' – which was responsible for the selection and promotion of new locations - did not have **essential preliminary information** which was reliable, complete and up-to-date so that they could **select the locations in a properly informed manner**.

This situation was creating immense frustration at Board level.

Initially, the client had tried to solve these issues internally based on Google maps and official statistics. However, the limitations imposed by both became clear: Google offers very limited mapping and support for spatial analysis which was critical for defining the catchment areas. Similarly, it was impossible to locate consumers or competitors. Even more importantly, the analysis of external data was restricted as the official local statistics (at locality level) which was insufficiently granular to serve their objectives. Overall, the lack of information and inadequate analysis was leading to poor – and, in some cases – flagrantly bad decisions.

In order to properly inform their expansion plans, the client required district, street, street segment and postcode level data plus the ability to manipulate and analyse it.

Working directly with the Expansion Director, Geo Strategies has implemented a fit-for-purpose **geo-marketing solution**. This is powered by the strength of spatial analysis and the ease of use provided by **MapInfo** software, together with **socio-demographic data at street and postcode level** which is updated annually.

The Expansion team was trained in how to use the tools and have been generating **catchment studies** using the rich and granular information licenced from Geo Strategies. The client has enhanced their competitive advantage in selecting new locations in an informed manner due to their access to **37,823 analysis areas in the country and 12,369 in Bucharest** (as compared with 3,181 localities for which there are official statistics).

Their expansion plans are now back on course and they have an extra 119 stores (82% of target) and well set to complete their expansion project this year (2016).

In addition, the client now has the possibility to estimate both the **value and the potential** of both their current and future locations. They are now keen to use **additional information tools and analytics support** from Geo Strategies to enhance their consumer intelligence. Understanding **profiles and behaviour will help generate insight** which is then used to define **marketing campaigns**, both for acquisition and retention (customer loyalty).

There were three key elements to this project success: highly granular, comprehensive and up-to-date data; easy-to-use GIS tools; and a receptive, competent team who were keen to embrace new ideas and technologies. . . plus high-level Board support.

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