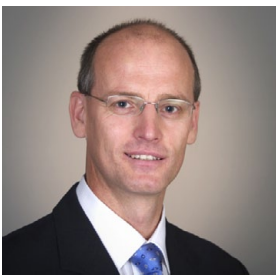


# Location Matters in Today's Retail Landscape



Simon Thompson, Esri

Simon Thompson is the group leader of Esri's commercial business industry solutions. Prior to joining Esri, Simon held senior positions in enterprise GIS and IT companies. He is a widely published author and speaker on the use of location data and geographic science in retail analysis and geomarketing. He works with Global Tier 1 retailers, who wish to profit from Simon's experience and interests in the role of technology in democratising information, social media, Big Data and the changing dynamics of the global supply chain. As the GIS leader, Esri's Geographic Information System (GIS) software is used by the majority of retail leaders for everything from market planning and site analysis to logistics and merchandising. Currently, there are more than 1,000,000 users, in 350,000 organisations across the globe.

**Succeeding in retail has never been easy but the combined tidal waves of the New Normal and ever accelerating technology change and consumer information has many wondering if success for traditional retail is even possible today. We are awash with data and information. Really big data that is enabling consumers to comparison shop and showroom, leaving some bricks and mortar store owners disenfranchised. But it doesn't need to be like this.**

Consumers are not just receivers of information, they are information generators. They are barometers that will enable you to better match merchandise to local communities, optimise store floor space, staff and products and improve your day-to-day operations so you profit today and secure tomorrow's growth. How? Just add location.

### Location Matters

An obvious truth that's often overlooked is that national market share is the sum of local market shares. Every location has different sales, costs and profit drivers, and every location has a different set of customers with different demographic characteristics and desires. So every customer is the starting point for business analytics and everything they do, every interaction with your network of stores, every online search, social interaction, every offer and marketing contact, has a location too.



Location matters. Not just because of the mass adoption of smartphones, location-aware applications or the explosion of location-based big data. Location matters because it ties many of your business units together and makes it possible to solve problems which had no answers before. It lets you ask new questions and gain new insight and understanding. Location analytics, viewed by many as the next big thing in business intelligence, is lifting the fog of war between the connected consumer and retailers. Want to know where and why stock is turning over quickly and might lead to

out of stocks? Just add location. Want a better reading of your competitive climate? Just add location. Location analytics lets retailers explore, model, evaluate, investigate and understand the localised market. It keeps stock at the right level so you don't sell short or discount value and drive profits down.



### What is Location Analytics?

Graphs and tables are the bread and butter of retail operations. Business intelligence extended this with dashboards of KPIs, dials, charts and gauges that turned data reports into cockpits from which many attempted to fly by wire. But even with all this, their window on the real world was missing. Maps let you know where you are and what's ahead. When you can interact with that map, you are more able to understand the patterns that you are seeing. Not only can you discover where stores, customers, the competition, and manufacturing and distribution plants are located, but you can see where geographic features like mountains, rivers, and motorways are having an effect on your business. Gaps in coverage leap off a map and are readily discernible.

It's no surprise that the back page weather map is much more popular and understandable than all those individual statistics in the spreadsheets that accompany them. The detail we look at for separate cities is also the origin of national trends and patterns of variation.

A hotspot here, a cold spot there. It's incredibly easy to compare and contrast different places and understand what changes are taking place and the degree and rate of change that occurs over time and space.

Location analytics goes beyond simply viewing information in immensely powerful, simple maps. It's the analytics tools and techniques that tap into your data and bring out the whole story. It's being able to ask questions of your data, to tie that data and your graphs and charts to ideas, hunches and discoveries that can change the way you do business and the business you do.



### The Truth Is Out There

Imagine you need to ascertain the true trade area of a store because of competition or cannibalisation. With location analytics, you can easily answer that question and much more besides. You can find out exactly where revenues are coming from for every dollar of revenue or fraction of a percent of your customer base. Location gets you hyper-local. It turns generalities into details, so you tell the whys from the what. Next step, figure out the how.

Using location analytics you can optimally calculate the number of sites needed to cover a new market and maximise revenues and profitability. At the same time you can modify the formats, size and operating parameters to explore different scenarios of how

much business would be generated at one location versus another. Not only can you model, analyse, and shift information, you can actually find the locations for those best sites and the optimal network of stores and merchandise.

When you understand location, you can take advantage of dissecting those variables that make each place unique. What does this mean to today's retailer? It means that you can discover and deliver the right products to the right people at the right time, every time.

For decades retailers have relied on segmentation and persona to divide and group their customers and markets to more precisely target their best customers and prospects. Segmentation systems operate on the theory that people with similar tastes, lifestyles, and behaviours seek others with the same tastes – “like seeks like.” These behaviours can be measured, predicted, and targeted. Segmentation is coarse

at a time when profitability is linked to micro-segments and marketers are striving for mass customisation. Location is a way to build a better understanding of consumer behaviour, to model customer diversity, their habits and sentiment from the perspective of the retailer using all the information we have on them – from loyalty cards and check-in to social media likes and followers to offers and coupons. With location as the steel thread that connects all of these online and offline behaviours the anonymous shopper becomes a known consumer.

#### **Beyond Alphabet Soup**

The line between mobile shopping, search, comparison shopping and check-ins is already blurred. Mobile social media or “Mocial” marketing has evolved into SoLoMo - Social, Local and Mobile marketing all mashed up into one big concept that uses location to improve customer intimacy and connect the customer's activities to individual location.

If you want to stop sales from leaking out of your store as the showrooming customer compares prices online, you need to know the customer is in the store in the first place! SoLoMo does that and location analytics takes location and puts it to work, making it a powerful weapon in your arsenal of marketing and business tools.

Today it's possible to have a segment of one, yet aggregate individuals into thousands of hyper-local groupings that reflect your customers better. Location and location analysis enables retailers to differentiate merchandise assortments and tailor them precisely to local tastes and market potential. In the limited space that's every consumers' shopping trolley, location is enabling bricks-and-mortar retailers to successfully fight for every dollar and maximise the value of every transaction. In today's competitive marketplace, location's a winning strategy that you can't afford to overlook.

## Better Business Analytics. Just Add Location.

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