

Retail Stores Network

Optimal Size & Geographical Distribution

Solution overview

Retail Stores Network - Optimal Size & Geographical Distribution

Introduction



How many stores does your Network really require?

- In which areas? With what priority? Of what size?

Is your current network properly distributed?

- Are there any overlaps? Areas with presence surplus or deficit?
- How does its distribution compare to those of your competitors?

Where do your potential customers reside? And how many are they?

- What about their expected revenue?

And predominantly, how is all this documented?



Retail Stores Network - Optimal Size & Geographical Distribution

A very short description...of what we do

Our solution is built upon a
Geographical Information System.

We combine
demographic,
financial, local
activity and
business sector
data

We contrast your
clientele's profile
to **socioeconomic**
and **market**
research data

We evaluate the
number of
potential
customers,
specifically for your
company's
products, for **every**
single road of your
Country.

*We utilize any
available analysis
with a geographical
dimension*

We pinpoint the
ideal store
locations, draw
their responsibility
areas and estimate
their size

*We incorporate your own
business criteria*



Retail Stores Network - Optimal Size & Geographical Distribution

A step by step approach: Population

We begin with the latest census data

- Our algorithms will disaggregate the population at the road level
- Only roads with a residential dimension are selected

However, the residents of an area may work or conduct their every day tasks elsewhere

- The next step is to re-distribute the population. We do this by gathering:
 - Public transport data (subway & bus stations, routes info, etc.)
 - Market and local activity data (chain stores, banks, public services, schools, hospitals, pharmacies, etc.) with **discrete gravities per business sector**

At the end, a “new”, practical population is built

- Make no mistake, your “expertise” is crucial in how this is accomplished. If you are a **Super Market** firm, you may give more gravity in school locations, if you are a **Bank**, public services might be more relevant. **We build this together!**

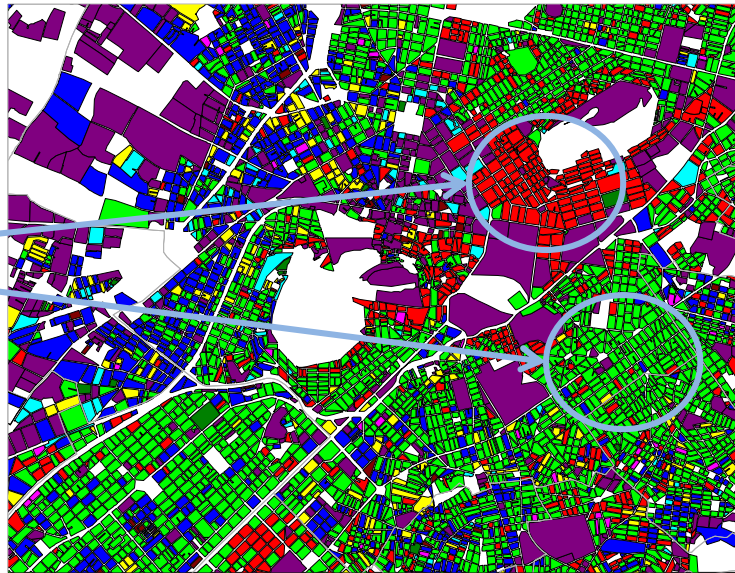


Retail Stores Network - Optimal Size & Geographical Distribution

A step by step approach: Population's "value"

- However, population's "**value**" varies from area to area.
- And by "value" we refer to **income criteria** as well as **product possession** and **customer behavior**.

Our goal is to differentiate the population from area to area, based on its **value for your Company**

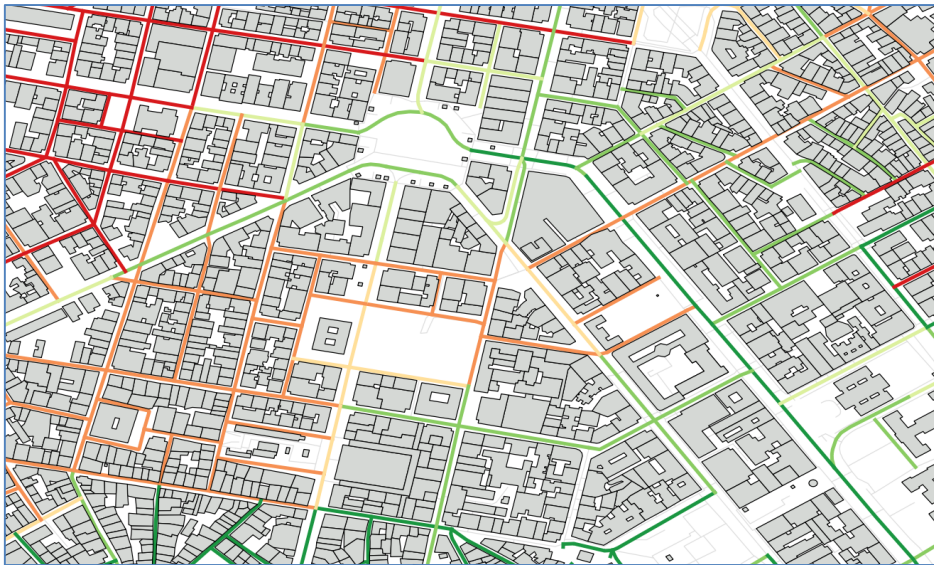
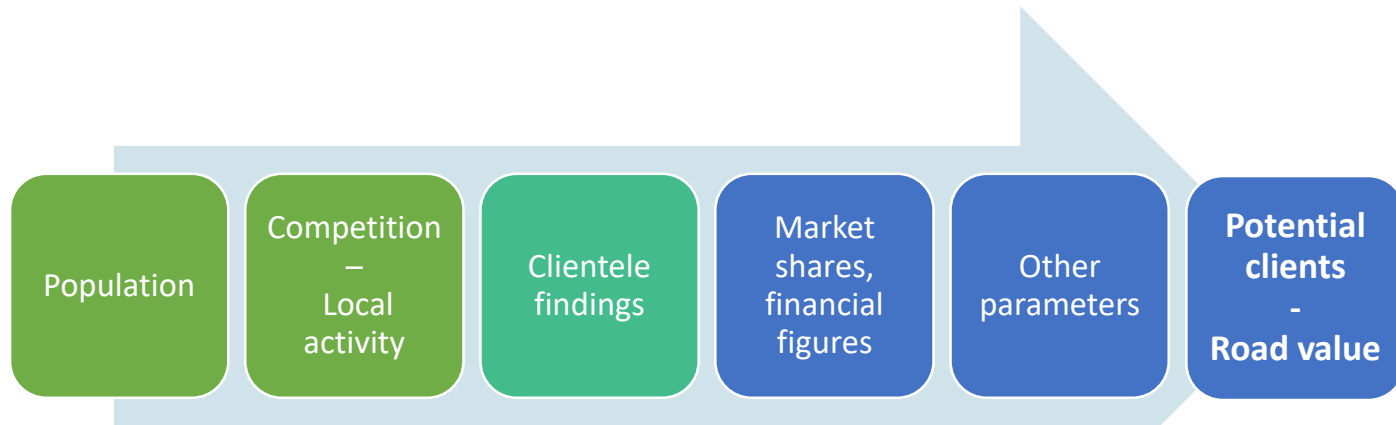


1. If you have already **segmented your clientele**, we will incorporate its findings with a geographical aspect and generalize the results to the entire Country
2. If not the case, we can at least combine some of your customers related data (in **aggregated form only**) with residential areas and their demographic characteristics



Retail Stores Network - Optimal Size & Geographical Distribution

Every road has its own value...for you



At the end of this procedure, every road has its own value, **specific to your company**



Retail Stores Network - Optimal Size & Geographical Distribution

Proposed store areas

Having calculated the **value** for every road, the algorithms will scan the entire map and draw the areas containing high value but at the same time, meet certain **criteria**.



These criteria determine the selection or not of an area and consequently the **number of proposed stores**.

Indicatively:

- **Minimum value/potential customers:** Under this limit, a store presence is not justified
- **Maximum value/potential customers :** Above this limit, a single store is not adequate (city centres)
- **Maximum covered area:** A single store cannot cover a bigger than the specified area (low population density areas)

The criteria correspond to your strategy and can be differentiated by **Store Type**

Ideally, they must emerge from your Network's **P&L analysis**

In any case, we will try various scenarios before producing the final results

Your strategy is implemented as an algorithm!

Your contribution is decisive!



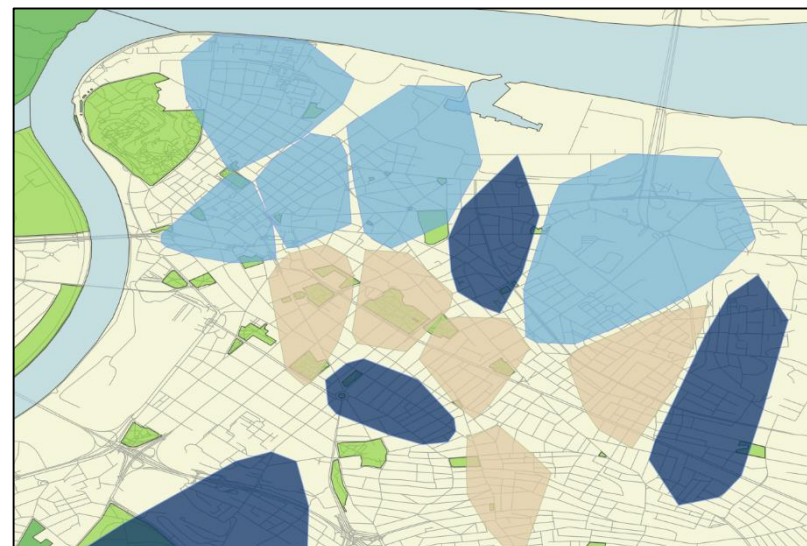
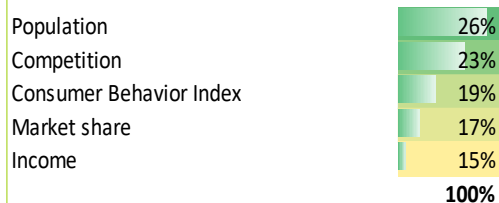
Retail Stores Network - Optimal Size & Geographical Distribution

Deliverables (samples)

Reports

- ☐ Multiple reports supported, geographical or not
- ☐ Built upon your needs
- ☐ Output in many formats

Correlation of the existing Network with the available parameters



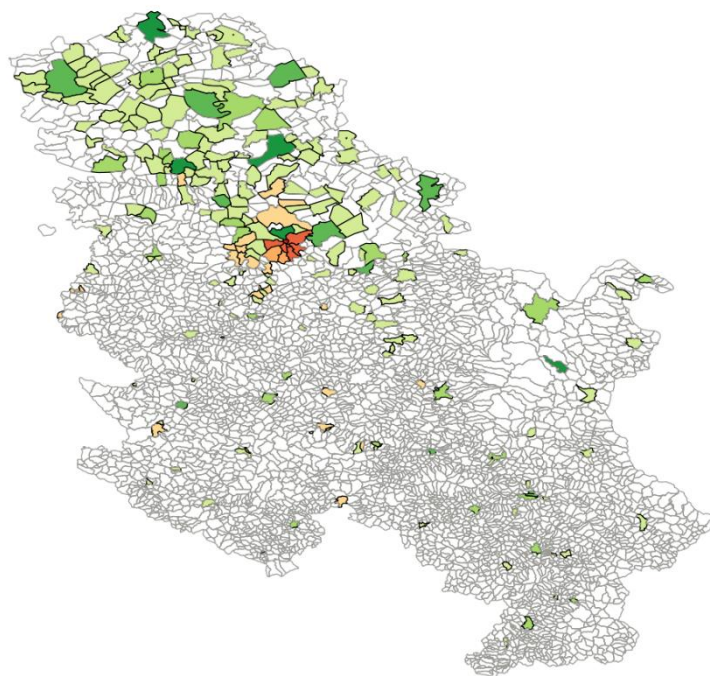
Proposed Store	Area (km ²)	Permanent population	Potential clients	Potential revenue* (€)	Competition	Closest store (m)	Size index (0.3 to 1)	...
1	0,33	4.500	2.300	43.000	2	2.600	0,73	
2	0,64	3.900	3.500	58.000	4	1.250	0,54	...
3	0,57	5.100	2.750	39.000	3	840	0,86	...
...

(*) Assumes a revenue analysis of the existing network

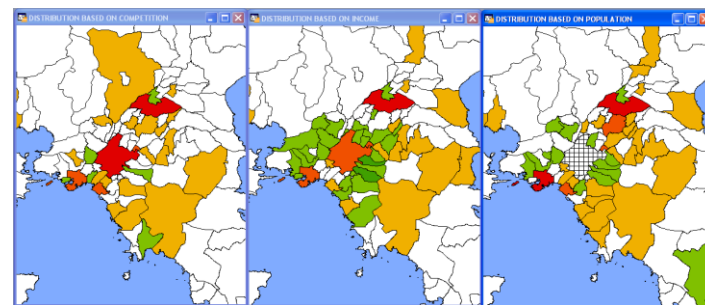


Retail Stores Network - Optimal Size & Geographical Distribution

Deliverables (samples)



Any figure with geographical dimension can be depicted on any of the map layers



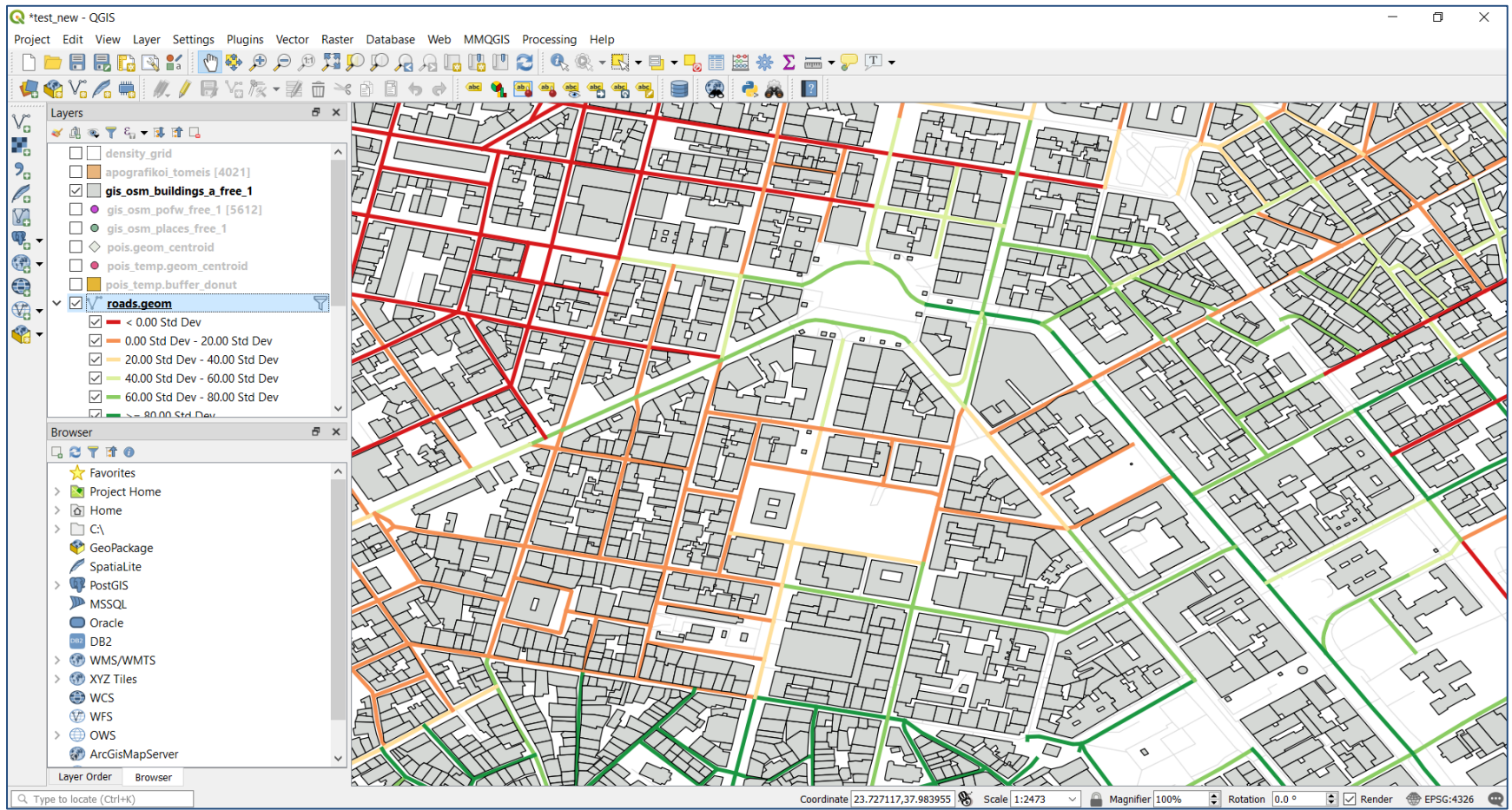
District	Municipality	Settlement	Population	Competition	Existing stores	Proposed stores	Deviation
...	52,026	10	3	5	2
...	100,410	8	2	4	2
...	23,925	2	1	3	2
...	85,903	16	5	6	1
...	123,414	15	6	5	-1
...	39,122	7	7	5	-2
...	214,506	18	12	10	-2
...	108,641	7	7	4	-3



Retail Stores Network - Optimal Size & Geographical Distribution

GIS installation

If you possess a GIS infrastructure, **everything** will be installed in it and we'll train people how to use it



Retail Stores Network - Optimal Size & Geographical Distribution

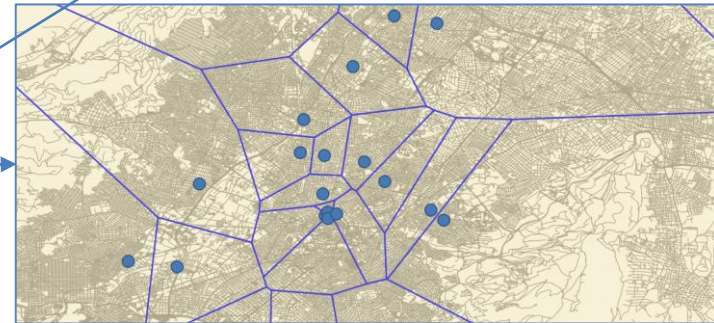
You have the road value, use it elsewhere!

A. Build or enrich Target Allocation Models by defining Area Dynamics Indexes

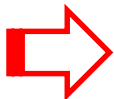
Standard deviations:		0.070		0.114		0.303		Total				
Gravity weights:		0.30		0.40		0.30		1.00				
PARAMETERS											TARGETS	
Store	Product portfolio 12/31/2017	Product portfolio 12/31/2018	Change	Normalized deviation from average	Customers owing the product X	Total number of customers	Penetration	Normalized deviation from median	Store dynamics index	Normalized deviation from median	Requested increase	Portfolio as of 12/31/2019
S1	2,052	2,211	7.75%	0.02%	524	2,840	18.45%	-0.16%	1.23	0.70%	9.45%	2,246
S2	1,224	1,204	-1.63%	-0.24%	463	1,807	25.62%	0.01%	0.98	0.54%	9.18%	1,336
S3	1,450	1,674	15.45%	0.24%	260	1,536	16.93%	-0.19%	0.67	0.33%	10.07%	1,596

Area Dynamics Indexes can be defined at any geographical level:

- Administrative (municipalities, districts, settlements, other)
- Store responsibility areas
- Network Divisions
- Other



B. Enrich CRM campaigns by optimally prioritizing sales leads

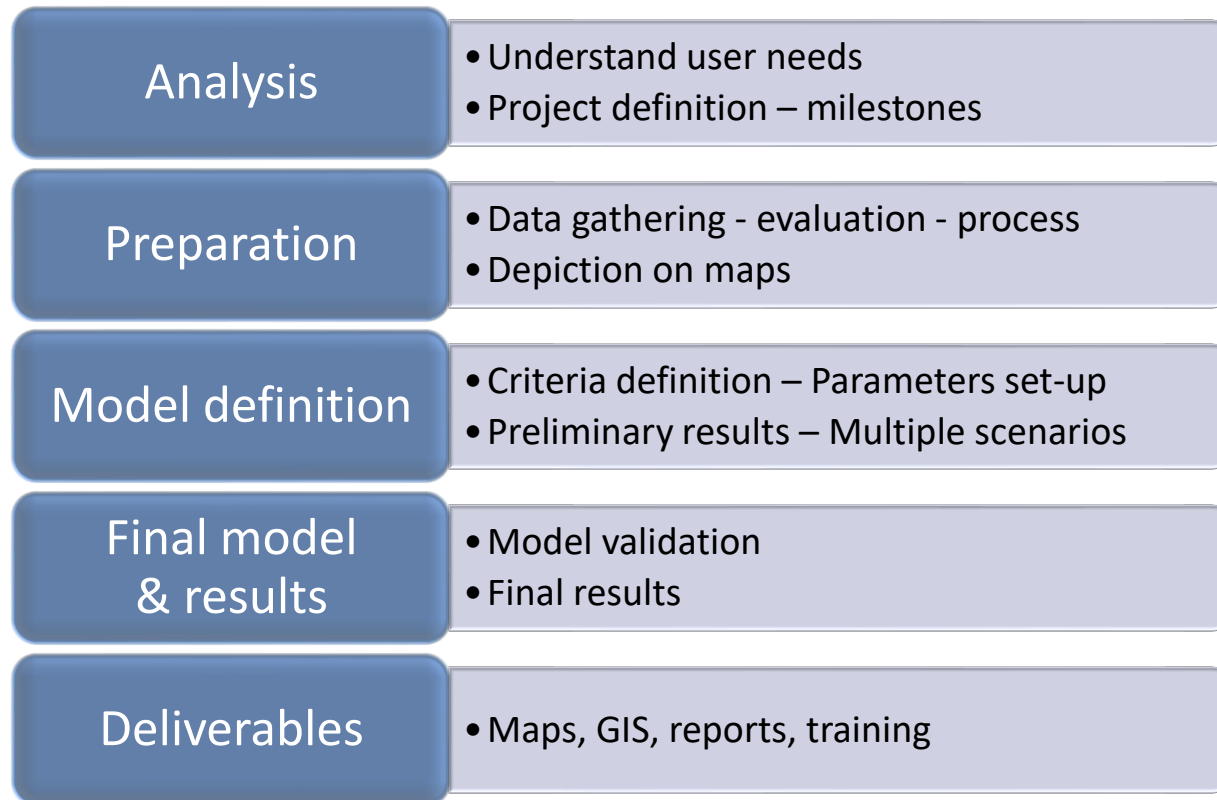


In due time, the above should be differentiated by **product category**



Retail Stores Network - Optimal Size & Geographical Distribution

A typical project plan



Retail Stores Network - Optimal Size & Geographical Distribution

Solution Features



Retail Network Consultants

Who are we and what we do...

Retail Network Consultants is a company founded by professionals with years of first hand experience in Retail Network Management. Over the years we have developed state of the art methodologies and complementary software components in the following areas.

Our vision is to provide practical, robust and reliable solutions, **customized** to your needs, your network, your infrastructure, and above all, your **culture**!

Optimal Network Size & Geographical Distribution

- How many stores does your Network truly requires? In which locations?
- Which store should you open or close first?
- Where do your potential customers reside? And how many are they?
- What is the expected revenue?
- How does your Network stand against your competitors?
- And how are all of the above documented?

Target Setting & Performance Measurement

- Performance Measurement methodologies
- Advanced Target Allocation Models
- Sales reports
- Database design and development
- Variable compensation schemes

Have a first look [here](#) or go directly to our extensive [presentation](#) that is accompanied by a complete set of free introductory tools to see what this is all about!

Contact us for a thorough discussion!



www.rn-consultants.eu



info@rn-consultants.eu