

# RETAIL

## Location Analysis & Strategy

## From opening to closing - optimizing your real estate portfolio to realize full market potential

### I SITUATION

#### KEY FINDINGS

Now more than ever capital intensive decisions about retail space and sites is critical to retail success

##### 1. Optimize ROI on location decisions

- 14%** By selecting the right location, companies have been able to increase their average unit volume (AUUV) of new stores by up to 14% - PBS Modeling Team
- Executives **MUST** ensure maximum sales potential and minimal cannibalization in distribution channels and distribute this information to a decentralized team
- NEED** to make quick, confident decisions by analyzing market opportunities and identifying prime locations (or store closings)

##### 2. Increase profitability of existing and/or new locations

- Brands that have accomplished this goal have been able to significantly improve unit performance and inventory turns
- NEED** to improve understanding of how customers and sales will transfer across the market with the addition, removal, renovation, expansion, etc. of sister stores
- Retailers **MUST** appreciate the value of store prototype and site characteristics analytics

##### 3. Create a strategic blueprint for brick and mortar expansion

- Given the higher costs and risks associated with expanding into greenfield /curbside markets, brands need to determine and prioritize their expansion strategies
- NEED** to ensure that stores are keeping up with changes in the demographic makeup of a trade area
- USE** strong analysis to improve the ability to get executive, investor and board of director buy-in to the strategy

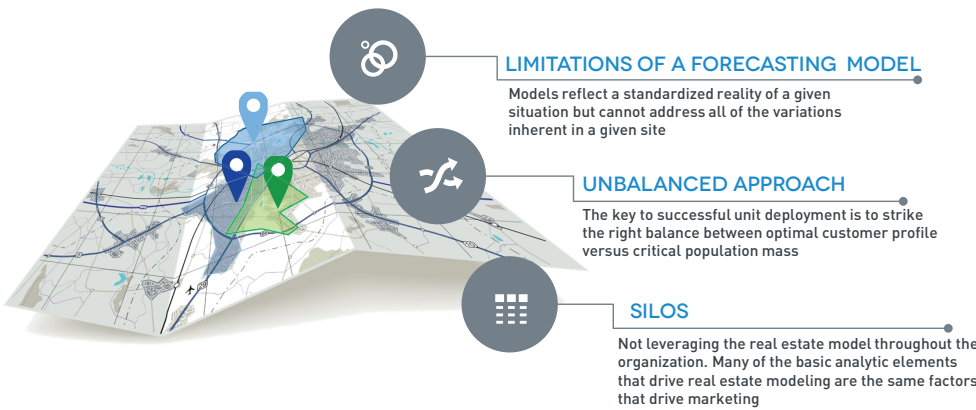
#### KEY RECOMMENDATIONS



- Establish long term, actionable plan for your current real estate network
- Set the right performance expectations for your locations and help them achieve plan
  - Use data driven models to understand the true opportunity from each trade area
- Align marketing and sales to achieve goals
  - Provide directors, analysts and marketers valuable insight into market data, allowing them to easily analyze the relationship between the performance of a location relative to the market area demographic characteristics.
- Close the gap between retail network optimization and customer interaction
  - Leverage customer interactions to drive customers back into the stores.

### II ISSUE

#### COMMON MISTAKES IN RETAIL SITE SELECTION



Proper use of real estate modeling enables improved customer targeting and provides business insights for site selection

#### PROOF POINTS



"Pitney Bowes Software provides the sophisticated predictive analytics and site modeling capabilities we need to make smarter decisions and avoid potentially costly mistakes"



When assessing locations for new facilities, 24 Hour Fitness relies on Pitney Bowes Software models to analyze markets, forecast member potential and pinpoint pockets of opportunity.

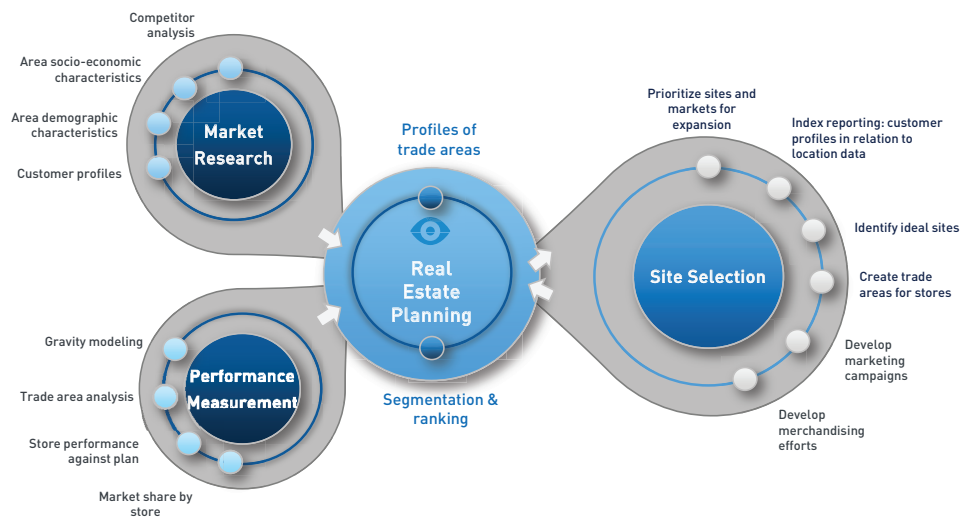


"The questions is always "What does Pitney Bowes Software say?" No real estate or drug store acquisition decision is made without (it)."

### III RESOLUTION

#### ENHANCED REAL ESTATE DECISIONS

Analyze the relationship between site performance, market trade area demographics, customer profiles and competition



Our solution incorporates data, analytics and location intelligence to support your ability to identify prime locations for expansion, in-fill, store remodeling or closures to increase profitability

#### SOLUTION FOCUS



#### FOR MORE INFORMATION



<http://www.pb.com/software/retail/>

### IV RESULTS

#### OPTIMIZING REAL ESTATE DECISIONS

##### BETTER SALES PERFORMANCE

Real estate analysts can evaluate sites to ensure that locations have demographic and competitive profiles likely to result in strong sales performance

##### STORE BENCHMARKING ANALYTICS

Analysts can examine the dynamics of a store's trade area and begin to quantify which variables have the greatest impact on sales performance and location potential

#### SOLUTION BENEFITS

##### LEVERAGE MARKETING INSIGHT

Utilizing customer profiling and segmentation insight from marketing departments, real estate departments can evaluate new sites and recommend sale or non-renewal of leases for locations that don't meet their current customer profile - and identify new locations that are better suited for the chain

##### BETTER CUSTOMER EXPERIENCES

By having an intimate understanding of the neighborhoods, the company can offer the most locally appropriate mix of products and services

#### FOLLOW US



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