

Locate where the customers are

How to make sure you're there when the customer is ready to buy **Interviewed by Rachel L. Miller**

Businesses are always clamoring to capture more market share — but not all succeed. A competitive edge is best gained by aiming for a highly-satisfied customer base. That means having the right product at the right location when your customers are ready to buy. And it's accomplished by configuring your retail network to reflect consumer preferences and demand, ensuring that the network is composed of the correct number and types of retail outlets, all in optimal locations.

"One way of earning highly-satisfied customers is to discover how they behave and what they need, and to integrate that information into your market analysis," says Mitch Phillips, director of network analysis at global consulting firm Urban Science.

Smart Business recently talked with Phillips about how a marketer can incorporate a customer-centric philosophy into his market analysis in order to achieve success at an individual level, at the retail outlet, and across his entire retail network.

This sounds like a large — and daunting — task. Where do you begin?

A marketer needs to look at the big picture. It starts with using network analysis to get a solid overview of the company's current position in the marketplace, and then determining the correct number, types and locations of the company's retail outlets.

In order to gain a clear insight, a marketer needs relevant data. Then, there should be a methodology in place to analyze the data and software to support the methodology. At the end of the day, the marketer will know where his customers live, where they shop, and what products they want.

Research and analysis are paramount in uncovering customers' needs and product preferences. For example, pick-ups are more popular in rural areas than in cities, and there's a higher demand for convertibles in Florida than in Alaska. All sorts of patterns emerge once the methodology is in place to analyze the data.



Mitch Phillips
Director of network analysis
Urban Science

What kind of methodology should be used to analyze your data?

It should be a results-driven process that reflects reality. We recommend a scientific-based methodology that integrates customer data into every step. For example, we use an eight-step methodology to assess market performance and retail network coverage that allows a company to exercise more control, reduce uncertainty and develop retail network plans. After following the eight steps, a marketer will have a solid plan that accurately reflects the distribution of customers and their preferences.

The steps are: (1) define the geographic market; (2) develop a reasonable standard; (3) measure network and site performance; (4) determine the likely causes for poor performance; (5) identify an appropriate proposed solution; (6) assess the impact of the proposed solution; (7) confirm conclusions with comparable studies; and (8) finalize the plan.

This may sound like a lot of work, but as the marketplace changes, planning allows an ongoing adjustment so that network operations and offerings adapt to consumer demands and preferences. Proper planning produces a significant competi-

tive advantage over networks that merely react to market forces.

In addition to increasing customer satisfaction, a well-designed plan can cut operational costs, reduce financial risk, and can truly demonstrate the product's potential in the marketplace.

How do you make sure the customer has a satisfying experience at the retail location?

Since convenience of outlet location is an important element in customer satisfaction, the locations of retail outlets — and the services available at each location — should be determined by local preferences and buying patterns.

Retailers need to provide a positive shopping experience, which means tailoring their offerings and approach based on customer preferences. For example, in the auto industry, there are three factors that influence satisfaction at the dealership level: vehicle selection, sales approach and price. All three of these are directly impacted by the customer makeup of that retail outlet.

Also, not all customers should be treated the same. The more information the sales staff has regarding each customer, the better they can treat each individual according to his or her needs.

What do you end up with?

If done properly, a retail organization will deliver products to highly-satisfied customers through a network of superior operators. That's the ultimate vision. The company's natural markets will be defined by customers and their shopping preferences and habits.

At the end of the day, consumers will get top-notch treatment, a competitive price and convenient sales and service, while the marketer is rewarded with knowing he has control over his success in the marketplace — and a tighter grip on market share.

MITCH PHILLIPS is director of network analysis at Urban Science. Reach him at (313) 259-9900 or (800) 321-6900.

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