

Retail network analysis

How to turn your retail network outlets into a competitive advantage **Interviewed by Rachel L. Miller**

In retail marketing, proper planning is vital to business success. Whether the business involves restaurants, auto repair shops or specialty retail outlets, a thorough market analysis can provide a clear picture of the strengths and weaknesses of a retail sales channel.

“A marketer can maximize success by identifying opportunities and developing network plans,” says Mitch Phillips, global director for network analysis at Urban Science, a Detroit-based international consulting firm. “Typically, today’s retail networks operate at only 60 percent to 80 percent efficiency, so a marketer that does retail network planning has room to gain a considerable advantage.”

Smart Business spoke with Phillips about how retail network analysis can result in marketplace success.

Achieving optimal performance within a retail network seems like a major undertaking. Where do you start?

The objective of a retail network is two-fold: to provide a competitive environment in which to shop and to provide convenient access for both sales and service. Through almost 30 years of experience in network analysis, we’ve learned to divide the process into three segments: network planning, network management and network intelligence. When all three work seamlessly together in an integrated management system, the network will perform at its peak potential and achieve critical competitive, cost and customer-relationship advantages.

How can a marketer be sure he has the right network plan?

The plan is a result of much research, analysis and evaluation, so a lot of care has gone into making it on-target.

The first step in developing the plan is to look at the number of retail outlets, the location of those outlets and the performance of each location. After all, the outlet might be in the right place, but if it isn’t run efficiently, it won’t succeed.

After analyzing these factors, the market is evaluated and a network plan is developed. It



Mitch Phillips
Global director for network analysis
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will determine the number, type, size and location of outlets necessary to achieve the manufacturer’s objectives. It also requires measuring the present performance of the network and its outlets to determine what to do next. It needs to be flexible enough to meet the needs of a rapidly changing global marketplace. A well-designed plan can increase customer satisfaction, cut operational costs, reduce financial risk, and fully demonstrate the product’s potential in the marketplace. Planning centered on these issues is essential for success.

Once the plan is in place, how do you ensure it stays on track?

There are two factors that influence manufacturers in the marketplace: consumer behavior and competition. Through network management, a marketer can continually monitor these factors — and modify the network plan where necessary — to take advantage of any substantial changes.

Secondly, it’s necessary to keep tabs on outlets and examine the ones that fall below expectations in attracting and retaining customers. Manufacturers should work consistently to boost the low-performing outlets above the expected sales level. By shaping up these locations, the

entire network becomes healthier.

So how does network intelligence — the third aspect of network analysis — fit into the picture?

The foundation for all the planning work and for all management decisions must be intelligence about the network — not just data, but the right information gathered in the right method. Markets should be studied to determine any changes due to competitive action or consumer preferences. Then, the lessons learned from the market study should be applied to the continual network planning process.

Therefore, while gathering customer data and feedback are the first step in developing network intelligence, manufacturers must be certain they assemble the most useful information.

Information-gathering also includes constantly building knowledge of comparable experiences within the network’s customer base and within the manufacturer’s other networks as well. The information should be based on real-world experiences and carefully analyzed before being placed in the loop to provide knowledge to the next generation of planning.

Factors like best practices and stimulated competitive response should be fed into the system and adopted as part of managing the network as well.

Is network analysis the only pathway to achieving peak retail performance?

While it’s key to have a solid network analysis process, there are two other elements that are equally important in reaching complete marketplace success. One is increasing sales performance across the network on an outlet-by-outlet basis. The other is to have a plan for acquiring, developing and retaining a customer base (through lead management and CRM programs).

With all three elements working together, a retail marketer will truly be able to maximize his brand’s performance.

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