

# *GIS Tutorial for Marketing*

## **Chapter 8**

### **Retail Site Selection**

Store Location

#### **Marketing scenario**

##### **Better Books:**

- A San Francisco-based family-owned book retailer
- Owns and operates two successful stores in San Francisco
- Includes several collectors among its customers
- Maintains an address list of its book club members
- Wishes to expand with a third retail location in San Francisco

Store Location

## Learning objectives

To perform retail site selection analysis in San Francisco, you will learn how to use ArcGIS to:

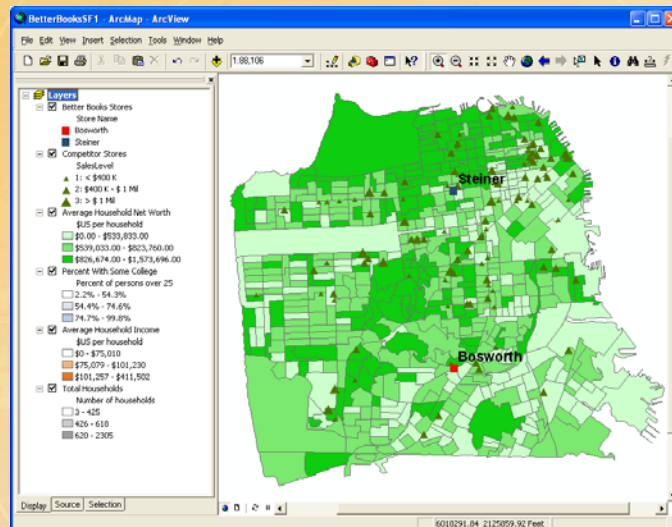
- Create maps that illustrate characteristics of stores, competitors, and population demographics
- Create buffers around store locations to define market areas
- Analyze the demographic characteristics of the market areas and key customers
- Apply several market area models and select the most appropriate one
- Display alternative sites for new stores, evaluate their attractiveness, and select the most favorable site
- Design a map that supports your recommendation

## Exercise 8.1: Explore demographics and competition in San Francisco

In this exercise you will:

- Map the location of San Francisco's Better Books stores
- Map the location and sales levels of competing book stores
- Explore key demographic characteristics of the San Francisco area with thematic maps

## Competitors by sales level and average household net worth by block group

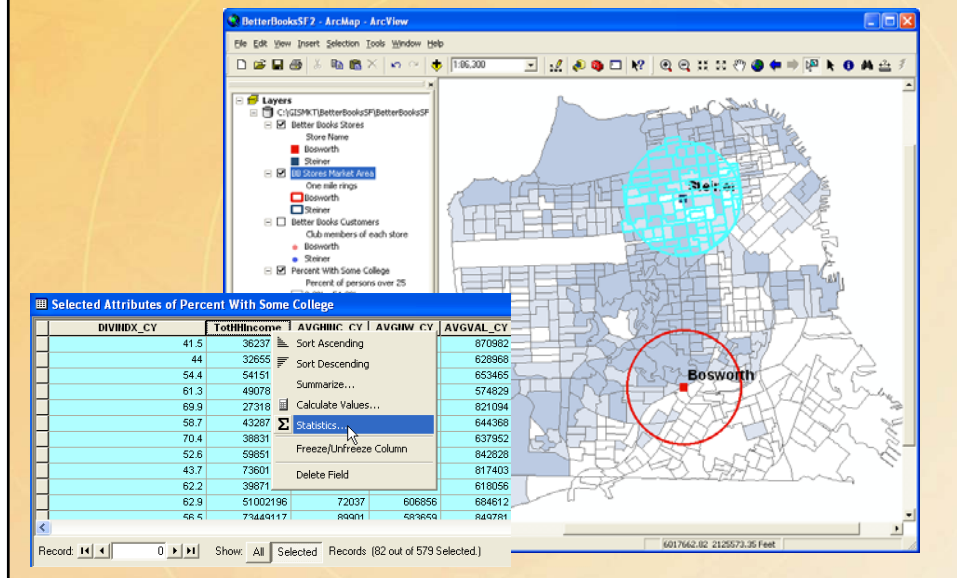


## Exercise 8.2: Analyze customer and market area characteristics

In this exercise you will:

- Examine the geographic distribution and buying patterns of store customers
- Display a simple one-mile ring market area for each store
- Compare the demographic characteristics of the market areas of the two stores

## Market-area definition



## Market-area characteristics

### Better Books San Francisco site selection project Market-area definition: One-mile ring

Population measures	Steiner	Bosworth
	One-mile ring	One-mile ring
Total population	88,502	41,789
Annual population growth rate	0.6%	0.1%
Households	46,839	14,791
Average household size	1.81	2.78
Median age	37.5	39.1
Diversity index	47.7	49.6
Income and wealth measures		
Per capita income	\$55,619	\$34,219
Projected PCI growth rate	4.3%	2.6%
Average household income	\$103,188	\$96,268
Average net worth	\$739,566	\$631,537
Average home valuation	\$637,353	\$421,505

## Exercise 8.3: Review other market area models and select model store

In this exercise you will:

- Display two additional market area models on your map
- Review market area reports based on these models
- Identify the most appropriate approach, then select one of the Better Books stores to serve as a model for evaluating prospective sites

Store Location

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# Alternate market area models

## Drive time

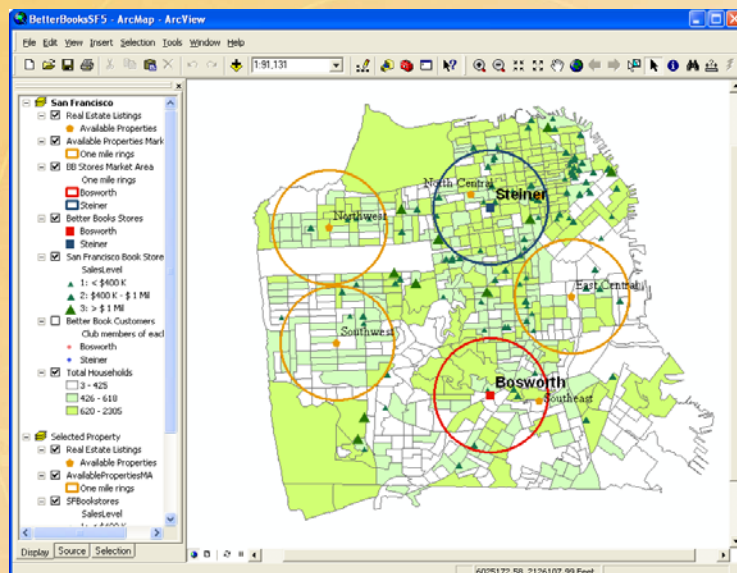
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## Exercise 8.4: Evaluate available properties and their market areas

In this exercise you will:

- Identify available properties and display their locations
- Eliminate properties that are improperly zoned or too close to existing stores
- Create one-mile ring market areas for the remaining properties and evaluate their characteristics
- Select the property you will recommend for the third Better Books store

## Available property market areas



## Demographics of available property market areas

### Better Books San Francisco site selection project Market areas for available sites Market area definition: One-mile ring

Population measures	Southwest	Northwest	East central
	One-mile ring	One-mile ring	One-mile ring
Total population	52,618	46,567	61,836
Annual population growth rate	0.16%	0.06%	0.8%
Households	18,406	18,812	21,630
Average household size	2.52	2.36	2.55
Median age	37.0	38.7	30.9
Diversity index	51.0	56.6	74.9
Income and wealth measures			
Per capita income	\$28,199	\$37,311	\$29,272
Projected PCI growth rate	3.4%	3.8%	4.24%
Average household income	\$80,135	\$91,742	\$82,990
Average net worth	\$588,466	\$682,075	\$552,539
Average home valuation	\$401,716	\$544,172	\$464,133

## Exercise 8.5: Recommend a new site

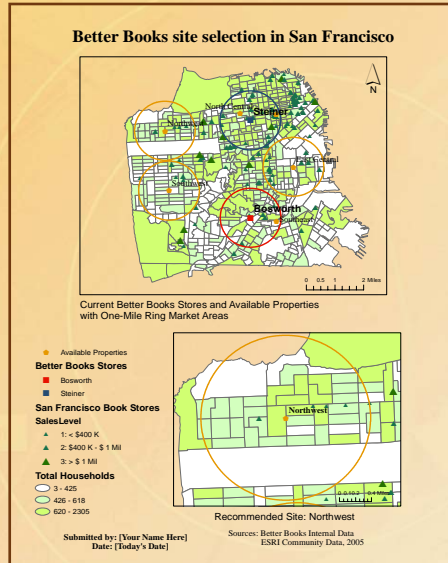
In this exercise you will:

- Review the comparative market area and competitive data you have analyzed
- Identify the property you selected for the third Better Books store in San Francisco
- Design a supporting map

Store Location



## Recommended site



## Additional applications

More sophisticated approaches to site selection include:

- Measures of the ability of stores and competitors to draw customers (used by Gold's Gym)
- Analysis of daytime population to capture data on customers who shop near their workplace (Chase Manhattan bank)
- Huff's penetration model (Credit Union of Texas)
- ESRI *ArcGIS Business Analyst*, which automates and streamlines the market area assessment and site selection process