

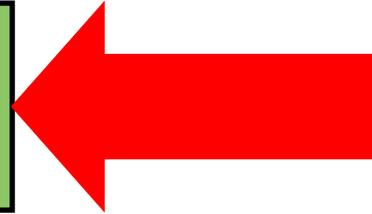
# Retailer Site Selection Process



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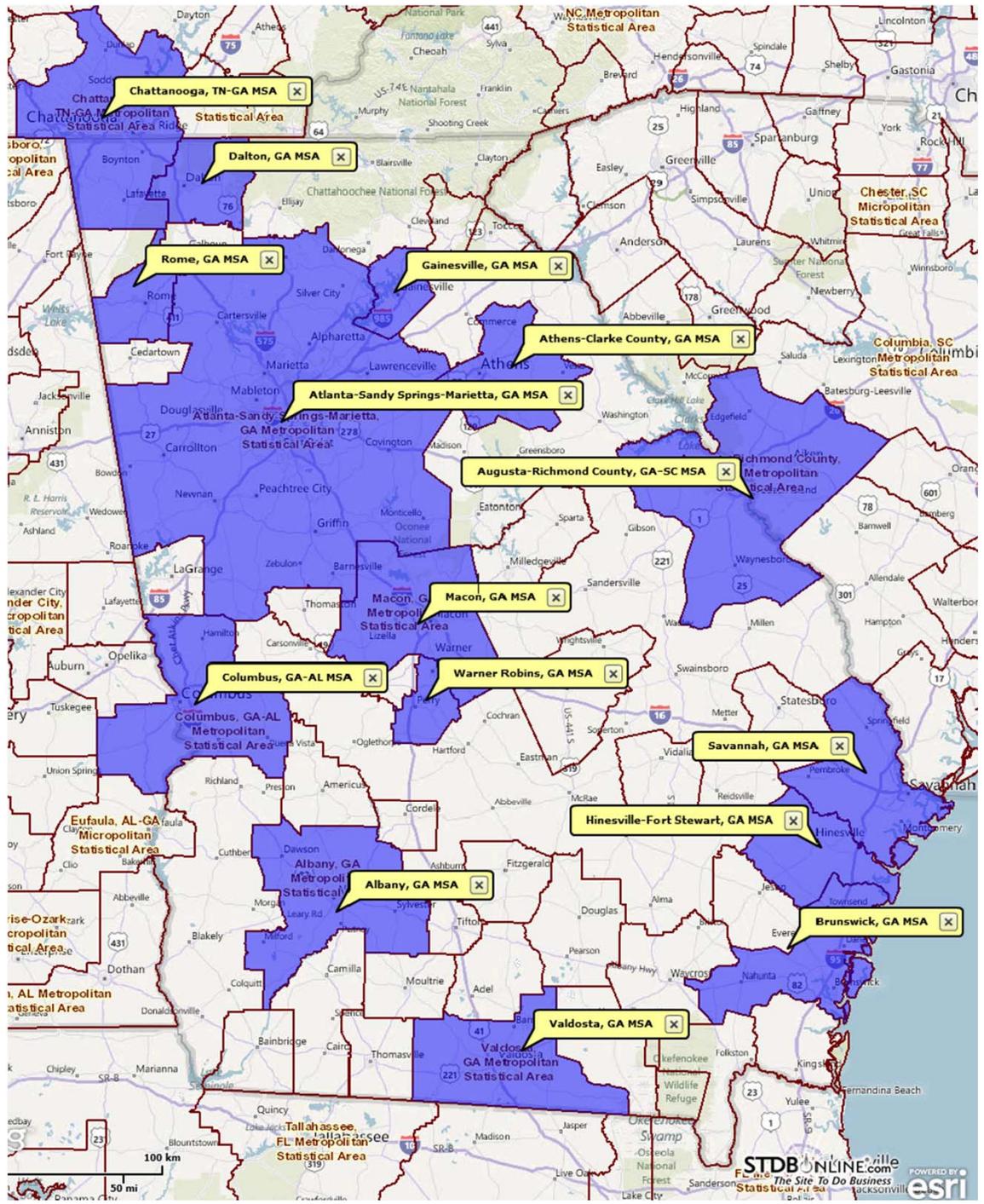


## Step 1: Analyze the Market

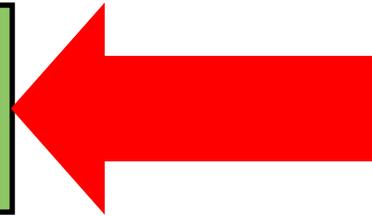


### Do we want to be in this area/state?

- o market optimization
- o market penetration
- o market geography
- o competitive landscape
- o demographic/geodemographic information
- o consumer segmentation
- o proximity analysis
- o trade area calculation – consumer/distance



## Step 1: Analyze the Market



Retailers talk and share information but they don't know everything.

If existing retailers' revenues are extremely high in a market, other retailers will follow.

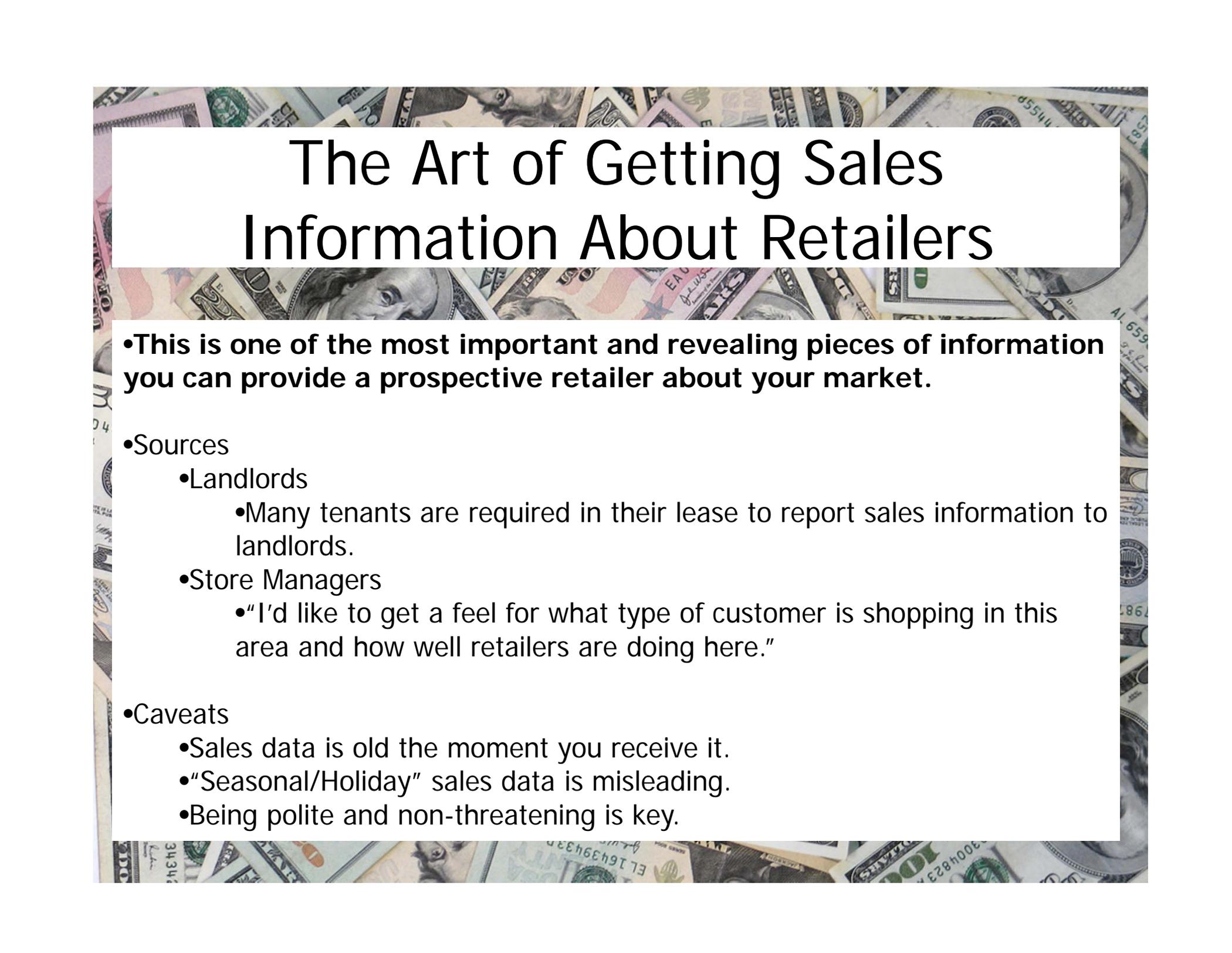
In marketing your municipality to prospective retailers, I highly recommend understanding your existing retailers and learn how their sales are doing.

Obviously, if sales are great it's easier to land new retailers than if sales are poor.



How do I get retailer sales since they aren't posted on the door?





# The Art of Getting Sales Information About Retailers

- **This is one of the most important and revealing pieces of information you can provide a prospective retailer about your market.**

- Sources

- Landlords

- Many tenants are required in their lease to report sales information to landlords.

- Store Managers

- "I'd like to get a feel for what type of customer is shopping in this area and how well retailers are doing here."

- Caveats

- Sales data is old the moment you receive it.

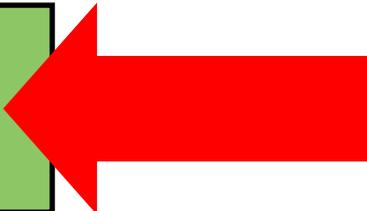
- "Seasonal/Holiday" sales data is misleading.

- Being polite and non-threatening is key.

# Retailer Site Selection Process



## Step 2: Qualify the Trade Area



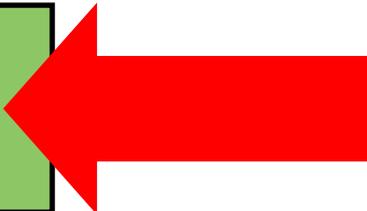
### *Trade Area:*

A geographic region from which one can expect the primary demand for a specific product or service provided at a fixed location

### Polygon:

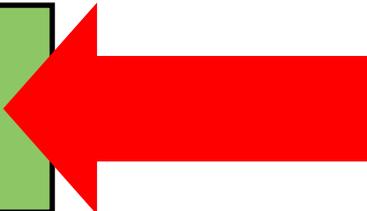
*A graphic representation of the trade area defined by natural, manmade or psychological barriers*

## Step 2: Qualify the Trade Area



Understanding customers' buying behaviors, and how far they are willing to travel to purchase products and services, provides a better level of market understanding & store performance expectations.

## Step 2: Qualify the Trade Area

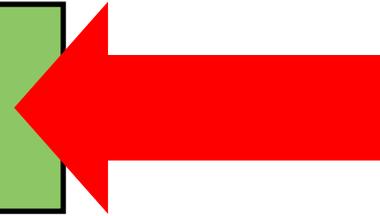


- A Trade Area rarely works in rings (1-3-5 mile) but follows more natural physical and psychological boundaries:

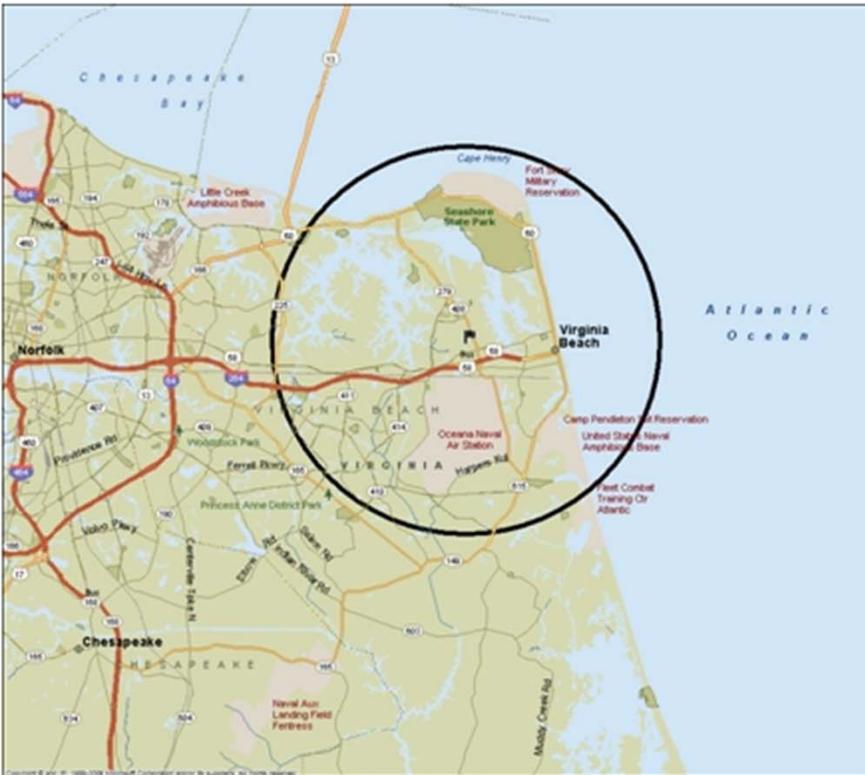
- Physical - Interstates/Highways, Hills, Rivers, Large Expanses of Undeveloped Land, etc.

- Psychological – Drive-times (convenience), different levels of street lighting, change in character/physical condition of buildings lining a street, income levels, convenient parking, crime levels, etc.

## Step 2: Qualify the Trade Area



Traditional Perspective

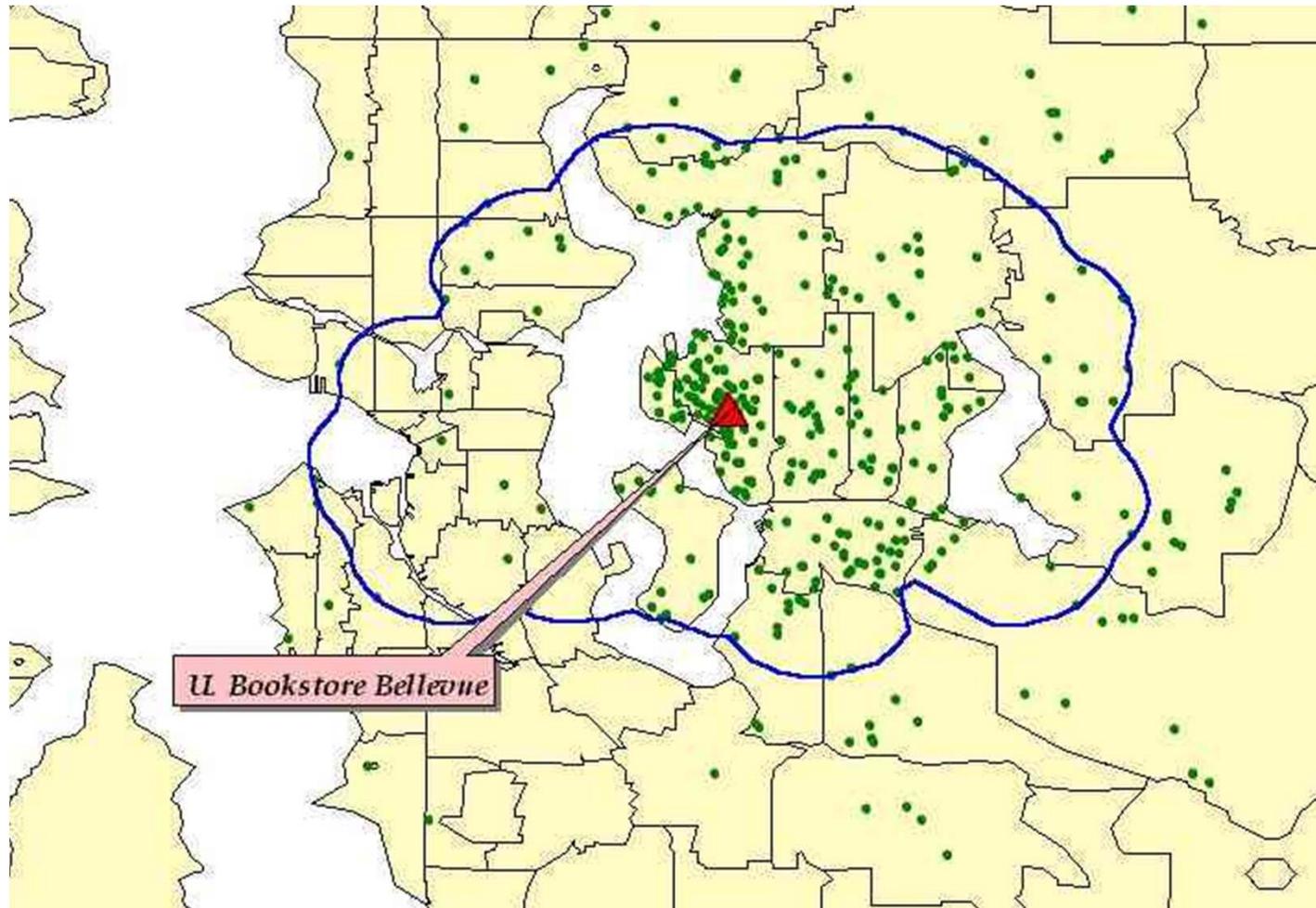


Relevant Perspective





# Customer Spotting Map



# Customer Spotting Map



Many retailers use customers' rewards card or ask "what's your zip code" when customers check out to further understand their trade areas.

## **You can do this too:**

Put a board-mounted map on an easel in a retail area or inside of a retail store.

Provide a bowl full of pushpins

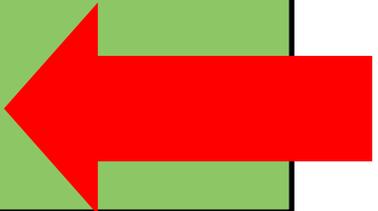
Ask customers to stick the pushpin where they live



# Retailer Site Selection Process



### Step 3: Select Your Site



- Site selection depends on multiple variables, including, but not limited to, the following:
  - Competition (Type, Positioning in Market)
  - Cannibalization/Impact of retailer's other stores
  - Site attributes (location in trade area, activity, parking, access, visibility, signage, etc.)
  - Building setback, Area Hours of Operation, Curb Appeal
  - Node of Activity

So, what is the demographic criteria for different retailers?



# Publix/Kroger Site Criteria/Notes

- At least 20,000 Publix/Kroger customers generally needed within trade area
  - Publix - Minimum \$50,000 median income
  - Kroger – Minimum \$40,000 median income
  - The higher the income, the better



# Whole Foods/Trader Joe's Customer Profile

- Minimum \$60,000 median income
  - The higher the income, the better
- College Educated (55%+ Bachelor's degree or higher)
  - "Well read, well travelled"
- Home Owner (60%+ Owner Occupied Homes)



# Starbucks Customer/Site Profile (General)

- Buys drinks averaging \$4.00 multiple times per week
  - Requires disposable income – usually minimum \$50,000 median income
- Typically some college education or higher
- We need a lot of these people but we like a mix of residential and employee population
- Minimum 40,000 vehicles per day with access to our store



# Pet Supermarket Site Criteria/Notes (General)

- In a 5 mile radius or 15 minute drivetime,
  - Minimum 50,000 Population Density
  - Minimum \$50,000 Median Income
  - Minimum 60% Owner Occupied Homes
- 7,000 – 10,000 square feet
- Significant Competitors:
  - PetSmart, PetCo, Tractor Supply



# Retailer Demographic Requirements

Retailer	Trade Area (Radius)	Population	Income
Fresh Market	5 Miles	150,000	\$75,000
Whole Foods	3 Miles	250,000	\$75,000
Costco	5 Miles	200,000	\$75,000
Pet Supermarket	5 Miles/15 Minute DT	50,000	\$50,000



# People/Population Matter to Retailers!

- Bring the people/customers and the retailers will follow
- Economic incentives don't matter without people/customers