

Welcome to IF Consulting's weekly e-mail newsletter

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Our regular email tackles the topical issues that surround all marketing channels and their underlying strategies.

This newsletter is also available as a PDF on our Website (<http://www.i-f.com/E-comLinks02.htm>) if you want to download a version for your hard copy file.

Location, Location, Location

So much can go wrong when businesses choose their locations through intuition.

One near-disaster story involves the operations of a take-away food franchise "Steak-out". The company's second franchise opened right in the middle of the University of Tennessee in Knoxville. The location was thought to be perfect – there were 30,000 students attending the University after all. What the company's founders didn't realise was that although the students loved the restaurant's burgers, they often went out of town for football games and vacations. The restaurant also had a staff crisis during the holidays when most of the student employees went home. Admitting he'd made a mistake, the owner of the restaurant moved it into a freestanding building last year. Now, by serving families' needs, as well as the students, sales have increased by 100%.

This is the story of just one poor location choice, the company was lucky to have stopped there. Many organizations make several unnecessary inappropriate location decisions. With the assistance of Geographic Information Systems (GIS) software, retailers can pinpoint exactly where future units should be located to enhance success. The software layers census and consumer-trend data upon locations in order to reveal specific criteria that will help the company make informed choices as to the best distribution positions.

<http://www.startupjournal.com/columnists/franchiseinsight/20020814-bennett.html>

IF Comment

Retailers have known for a long time that the three critical variables in retailing are location, location and location. Improved and more powerful Geographic Information Systems (GIS) help with location and coverage decisions by visualizing, exploring and analyzing data based on location. GIS can now do a lot of the work that used to be done manually, for example walking the streets near a potential location, measuring and assessing the quantity and type of traffic, counting the customers that walk into near-by stores, observing the socio-demographic profile of the area.

GIS makes network planning a lot easier and faster, enabling an organization to analyze relationships among the different variables that determine the attractiveness of an area. The logical next step is to ask why limit the application of GIS to retailing? If, instead of network planning, we define the issue addressed by GIS as market coverage, we realize that every company that has to bring products and/or services to the market can benefit from GIS. A GIS can help an organization to determine where it should have a point of distribution and/or sales, regardless of whether or not the company is a retailer. The next step would then be to determine what that point of distribution/sales should be. GIS could be of assistance by



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providing the necessary socio-demographic information to determine the format, i.e. the type of distribution/sales point.

There are two aspects that GIS doesn't address; the cost and control. After identifying the ideal location, a company still has to determine how much it will cost to run that location and if it can make money out of it. The organization also needs to determine the level of control that it should exercise over it, i.e. whether it should run it directly or use a third party. These factors can be addressed through the design of an effective marketing channel strategy.

Snippets

A Thai company established to help small businesses survive against superstores, will select 2,000 applicants to operate prototype shops over the next three years. The state-backed company, Allied Retail Trade Co (ART), will buy products directly from producers or distributors, and sell them to small shops that are registered as its members, bypassing the middlemen.

http://www.bangkokpost.com/220802_Business/22Aug2002_biz53.html

In an attempt to secure a greater share of computer sales and revenue, successful direct seller Dell Computer Corp. announced this week that in addition to selling its personal computers directly to customers, it will begin to sell generic computers to dealers in the US.

<http://www.nandotimes.com/business/story/505063p-4025302c.html>

There are several promising trends emerging in Internet-land. From advertising to access technologies, there are plenty of good news stories – this article examines seven of them.

<http://www.emarketer.com/news/article.php?1001512>