Geomarketing in Practice

Achieving market optimization through spatial analysis
Dear Readers,

Geomarketing is a crucial component for success in businesses of all sizes and types. It allows companies to optimize their markets, minimize risk and realize untapped potential.

One of Europe’s largest providers of geomarketing solutions, GfK GeoMarketing is happy to present you with a practical guide to geomarketing that details its typical business applications. In short, this valuable resource explains what companies stand to gain by implementing geomarketing and how to do this most effectively.

Pleasant reading!

Doris Hardt-Beischl
Head of Sales, GfK GeoMarketing
What is geomarketing?

Geomarketing is the cornerstone of successful businesses in this age of digitalization and quickly changing markets. Geomarketing involves the geographic analysis and visualization of your company data in order to spot trends and relationships that would otherwise go unnoticed. Geomarketing thus comprises the ideal basis for sound location and sales territory planning. Using digital maps to display your market, customer and company data allows for more effective and efficient decision-making.

All businesses need to know where their best customers are located, how much disposable income their target groups possess and how far any given customer must travel to the nearest sales or service point. Successful market optimization depends upon utilizing all resources to their full advantage – particularly with regard to sales. Geomarketing provides a comprehensive and insightful overview of the relevant factors of a company’s structure and business operations.

Put simply, geomarketing brings clarity to the many where questions with which businesses are confronted – e.g., where are my customers located?, where is my turnover the highest?, where are my target groups?, where are the strengths and weaknesses of my markets?, and so on. Company data can be geographically analyzed because this information usually contains a location-specific component. These analyses allow companies to zero in on their regional markets with increased precision and accuracy.

Geomarketing is a multifaceted approach that allows for both a comprehensive overview of market and company data as well as detailed microgeographic analyses. This flexibility is vital when attempting to maximize your potential and pinpoint your target groups in highly competitive markets, where both local and more wide-ranging factors must be taken into account.

Areas of application

Geomarketing allows sales, marketing and controlling divisions to extract valuable information and insights from company, customer and market data. Companies from across all branches of trade use geomarketing software to determine market strengths and weaknesses, evaluate and compare regional turnover figures, optimize branch and/or sales networks, plan marketing campaigns and develop expansion strategies. The geographic visualization and analysis of data create new opportunities for growth and market optimization. Furthermore, the resulting insights serve as an objective basis for inter- and intracompany exchanges as well as a transparent foundation for making important business decisions.
Geomarketing solutions
Geomarketing encompasses a full range of components and services. Geomarketing software, market data, digital maps and expert consultancy services offer a multifaceted approach to answering location-related questions in sales, marketing and controlling.

Geomarketing in practice
Using examples from everyday practice, Geomarketing in Practice provides an overview of the many applications of geomarketing in all areas of business, from marketing, sales and controlling to expansion planning and sales territory optimization.

Some of geomarketing’s many uses:

For the sake of clarity and compactness, Geomarketing in Practice avoids abstract theoretical discussions as well as exhaustive listing of geomarketing’s every possible use. Rather, the booklet’s aim is to help readers make full use of the “regional factor” in their daily business practices and inspire them to embrace the unbounded possibilities that a geomarketing approach affords.
A crucial component of geomarketing is the visualization of data via a specialized geomarketing software application. Working with this software involves several straightforward steps:

1. **Select appropriate maps:** With geomarketing software applications, it’s possible to overlay multiple theme-specific maps, creating an effect similar to placing multiple transparencies on an overhead projector. The layering principle involves placing maps of regional areas such as states or postal code districts on the bottom, layers such as highways, streets and rivers in the middle and, finally, layers with point objects (e.g., city locations) on the top. This ensures that all layers can be viewed simultaneously.

2. **Import data:** Company data such as customer addresses can then be imported into the software using a shared geographic point of reference, such as postal codes. Turnover figures, sales force customer assignments and region-specific market data like purchasing power can also be imported into the maps using the same principle.

3. **Evaluate data:** Geomarketing software is customized for business use. This type of software employs analytical tools originally developed by cartographers and scientists and applies them to solving typical sales, marketing and controlling tasks. Users can import and associate datasets to perform customized spatial analyses.

4. **Export results:** The digital maps and data can be exported into multiple file formats for presentations, websites, e-mails or CRM applications.

**Applications of geomarketing software at a glance:**
- Marketing (e.g., marketing campaign planning)
- Controlling (e.g., market share analyses)
- Sales (e.g., sales territory planning)
- Expansion and location planning
- Logistics (e.g., planning delivery zones, catchment areas, etc.)

Geomarketing software is used by companies from all sectors.

Geomarketing business solutions such as GfK GeoMarketing’s RegioGraph and DISTRICT offer a wealth of analytical methods and display options for getting the most from your company and market data.

For more information, visit www.gfk-geomarketing.com/software.
Geomarketing maps and market data: Realizing potential by building on a solid foundation

The operating scope and structure of businesses in today’s markets are increasingly international. Digital maps and corresponding market data constitute a reliable vehicle for navigating the realities of the global marketplace. Using digital maps as your foundation, you can import company and market data to create compelling visualizations of your border-crossing market activities, as well as your branch networks and sales territory structures.

Together, the maps, data and geomarketing software allow you to examine your market structure and potential at a glance. For example, it’s possible to use a Europe-wide postal code map as the basis for an insight-generating sales map. You can then identify market potential by incorporating Europe-wide purchasing power figures!

GfK GeoMarketing offers a wide array of digital maps and market data
GfK GeoMarketing is poised to meet all sales-, controlling- and marketing-related needs with its comprehensive range of digital maps and corresponding market data. GfK GeoMarketing offers the world’s largest collection of digital postal and administrative maps, with coverage of 240 countries!

Map sets are available in country-specific or continent editions and are regularly updated and enhanced. For example, GfK GeoMarketing was the first to offer a six-digit postal code map of Belarus. The high-resolution maps comprising the Europe Edition provide comprehensive, gapless and seamlessly fitting coverage of the entire continent. All of GfK GeoMarketing’s datasets can be quickly and easily imported into the maps using a geomarketing software application.

Top-quality digital maps and market data offer:
- Complete coverage of all regions of the country in question
- Regularly updated maps and data reflecting the latest status of a given region
- Reliable sources of information, strict quality control and high levels of detail
- Perfect compatibility between maps and data
- Easy integration into geomarketing and sales territory planning software

For more information, visit www.gfk-geomarketing.com/digital_maps and www.gfk-geomarketing.com/market_data.
Location-related business decisions are often risky, with far-reaching implications. They demand vision, expertise and tact. In selecting sites or expanding/restructuring sales and service networks, there’s always the danger of not paying enough attention to critical factors. Also, sometimes it can be challenging to convince employees of the necessity for these changes. An external consultant can offer much-needed objectivity and provide invaluable support from the planning phase to the implementation stage. Such consultants often have years of experience advising companies from all branches of trade, as well as a thorough knowledge of international site appraisals. It’s rare for businesses to have access to this level of expertise from internal sources. When it comes to major company-wide decisions, high-quality and unbiased geomarketing consultancy services are indispensable for maximizing chances for success.

GfK GeoMarketing offers a wide range of consultancy options to assist in your location and sales territory planning. Location research services provide support to project developers, retailers, investors and public institutions in the analysis, planning and comparison of sites, both domestically and abroad. Location and expansion planning in new markets can dramatically benefit from GfK GeoMarketing’s international experience and expertise. A member of the worldwide GfK network, GfK GeoMarketing has access to a broad array of high-quality market data that is otherwise difficult or impossible to obtain.

Our experts have many years of experience in optimizing existing sales networks and/or developing new ones. We support you every step of the way, from the evaluation of your current networks to the selection of the required market data and the implementation of the planned changes.

Components of professional geomarketing consultancy services:
- Provision of economic and socio-economic data for all of Europe
- Performance of on-site analyses, e.g., rentable space assessments, real-estate appraisals, infrastructure evaluations
- Optimization of sales territories and branch networks
- Determination of alternative sales territory networks or site-usage concepts
- Evaluation of real estate portfolios
- Communication of detailed, legally sound advice and well-founded recommendations

For more information, visit www.gfk-geomarketing.com/consulting.
Geomarketing means successful marketing
Geomarketing is indispensible when it comes to marketing-related tasks. By illustrating market data on digital maps, you can reveal, at a glance, the distribution of target groups, regions with particularly high purchasing power and overall market potential. This data can then be analyzed by geomarketing software to produce insightful results. Experienced consultants can answer any questions that may arise during this process, or, in some cases, arrange for a market study to be carried out that is specifically tailored to a company’s needs. Successful marketing these days means geomarketing!

Pinpoint target groups
“Birds of a feather flock together.” This well-known adage also applies to target groups. For example, in Germany, Berlin tends to be a magnet for singles, while the federal state of Saarland is known to attract senior citizens. Being able to hone in on specific target groups allows you to tailor your marketing language more precisely, boost response rates and maximize resources.

Regionalized market data significantly enhances your ability to pinpoint target groups. GfK market data provides companies with a wealth of information on their target groups, including customer age ranges, purchasing power and place of residence. It’s also possible to determine the turnover of a specific product line according to region. A specialized geomarketing software application displays this and other invaluable information, allowing you to spot relationships and trends in your company and market data that would otherwise go unnoticed.

Locating target groups is not always straightforward. For example, if a company’s target group is eyewear purchasers, it can be difficult, at first glance, to determine this group’s preferences with regard to places of residence. However, with some insight and creativity, it is usually possible to zero in on target group locations. For example, areas with high concentrations of senior citizens tend to have a disproportionately large number of glasses wearers. A company can then use socio-demographic market data (e.g., the GfK Demographics dataset) to channel their marketing efforts to these regions.

Companies can significantly benefit from the advice of geomarketing experts with regard to coming up with strategies for revealing the regional distribution of their target groups.
Locate customers and analyze response rates
An analysis of the current state of a company’s customer base can generate valuable insights and provide an objective foundation on which to build a more successful enterprise. Most companies haven’t fully mined and made use of the wealth of information found in their customer databases. While these databases often contain details regarding turnover figures, product sales and sales/service region assignments, this information often hasn’t been structured and analyzed for maximum benefit.

A geomarketing analysis revolves around combining and comparing different types of information using a common location-related factor and then displaying the results on digital maps. Using this method, the possibilities for recognizing trends in your data are endless. For example, you can create an overview map that visually associates customer locations with turnover. You can then spot at a glance regions with a below-average customer-to-turnover ratio. With a quality geomarketing software application, it’s a cinch to do things like zoom in on specific regions, create alternative scenarios and perform a large variety of analyses.

Realize potential and optimize advertising campaigns
A geomarketing approach gives marketing divisions the ability to examine and illustrate their markets from multiple perspectives, from a macromarket overview to highly detailed profiles of individual street segments. Macrod Pare, in combination with geomarketing software, have application in the preparation and analysis of company data for management, presentations and websites. Detail-rich microdata are invaluable for planning highly regionalized advertising campaigns or other marketing activities, such as flyer distributions.

Geomarketing components for successful marketing:

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Using geomarketing to fine-tune a furniture store’s advertising campaign

Advertisements, brochures, trade fairs and mailings are expensive. Marketing personnel are under constant pressure to justify these costs, a challenge accentuated by the fact that the success of these endeavors is notoriously difficult to calculate. Of course, one can measure the response rate to something like a newspaper advertisement, but questions such as whether more potential customers could have been reached using some other method often linger.

A seemingly trivial question: How many potential customers do you have?

Suppose, for example, that a large furniture store wishes to raise its regional visibility through newspaper advertisements or mailings. Point-of-sale studies show that customers tend not to be willing to drive more than one hour for shopping-related purposes. This raises the seemingly straightforward question of how many households are located within a 60-minute radius of the furniture store. In other words, how large is the potential customer base comprising the target group in question? With a geomarketing approach, this otherwise difficult-to-answer question is easily tackled.

For example, in the geomarketing software application DISTRICT, you can create driving-time zones with a few clicks of the mouse. You can then calculate and display the population figures, household numbers and many other details for these zones. Only after using this approach to arrive at the number of potential customers will you have a solid foundation for accurately assessing your target groups, growth potential and marketing budget. The benefit of geomarketing lies not simply in coming up with accurate numbers, but also in the ability to illustrate these results on digital maps. The combination of these two elements makes it easy to identify regions with especially high concentrations of your target groups.
Maps as a means of communication between management, sales and marketing

The term “transparency” is frequently cited with regard to fostering understanding amongst management, sales and marketing teams. With the help of high-quality digital maps, marketing divisions no longer have to settle for vague speculations concerning the success of their campaigns. Digital maps can reveal, in one glance, the regional profile of the areas that delivered the highest response rates, such as, for example, those in which mid-level income groups dominate.

Assume that a mailing of 500,000 brochures is planned within a catchment area of 2.5 million households. Using a geomarketing approach, the company in question can concentrate its mailings primarily in those sub-regions where its main target group – mid-level income-earners – resides. This ensures the best possible response with the resources at hand. The maps can provide a digital snapshot of the response rates and target group locations at any point in the process, making them an ideal reference point to pass on to management.

Replace best guesses with solid science

Geomarketing facilitates better decision-making by providing marketing teams with fact-based analyses visualized on digital maps. This acts as a corrective to unrealistic goals and expectations, while stimulating insights about how and where to realize untapped potential. Multiple factors can be illustrated simultaneously, including areas of opportunities and the presence and impact of the competition in a given region. The latter often sheds light on why a company enjoys market dominance in some areas, while struggling in others.

Put simply, geomarketing produces results that guide companies to more informed courses of action. Returning to the furniture store example, a geomarketing approach highlights the specific geographic regions where a marketing campaign is most likely to yield fruit. This increases the response rate, which in turn translates to a more lucrative campaign!

Locate target groups and measure success with geomarketing

Geomarketing is a highly efficient tool for carrying out targeted marketing actions. It supports marketing teams across the full range of their tasks, from the creation of an advertising campaign to the measuring of response rates. Geomarketing also serves as a versatile channel of communication between management, sales and marketing personnel.
Controlling and sales territory planning: Target lucrative sales regions

Transforming complex structures into enlightening analyses

The geo factor contained in company and market data makes it possible to spot relationships and trends in information. Geomarketing involves taking many factors into account simultaneously. This helps companies coordinate their operations, ensuring that everything from stocking strategies for individual branch locations to logistical planning and the allocation of sales force assignments functions like a well-oiled machine.

It’s rare for a company to enjoy a perfectly balanced presence across its markets and product lines. In order to secure long-term success and growth, companies must take regional market variations into account. Only then can they achieve their full potential. Today’s competitive markets can be unforgiving to companies with inefficient operating practices. Clarity as to a company’s structure and how its sales territories contribute to overall turnover is essential in order to implement business strategies custom-tailored to regional market conditions.

Geomarketing in controlling: See the meaning behind the numbers

With its finger on the pulse of turnover figures and revenue, controlling divisions provide companies with a foundation for performing targeted market optimization. Geomarketing has a key role to play here as a tool for comparing company data with market potential. As a result, areas of strengths and weaknesses can be more easily recognized and measured.

Customer and turnover distributions:
Where are the most important customers and regions located?

Most companies have a very large database, complete with information on key accounts, customer locations, turnover share and the nearest supply points. Without geomarketing software and digital maps, the unique trends and relationships contained in this data would likely go unrecognized. Geomarketing allows controllers to illustrate this information on digital maps, giving them the ability to provide daily updates and samples for distribution to employees or publication on websites. These digital maps also serve as convincing reference points for company reports and strategic decisions.
Measuring success, determining market share and setting realistic goals

Companies can only gauge how they are performing in the market after comparing their results with the cumulative potential of the regions in which they are active. Market data serve this end, helping businesses set realistic turnover goals. This information ranges from data on companies in the industrial sector organized according to size and post-code districts (GfK Profile and Distribution of Businesses), to GfK point-of-sale turnover figures for a wide range of product lines. By comparing this data with company turnover figures, it’s possible to determine the extent to which potential is being realized. With this information, companies can gain clarity with regard to their market penetration and channel their efforts accordingly.

Discovering whether locations and sales territories are fully optimized, and if not, why

Should some of your locations be underperforming, a geomarketing analysis can pinpoint potential causes. For example, by displaying each such location’s catchment area profile with a geomarketing software application, it’s possible to assess the effect of competing stores, accessibility issues and the purchasing power of the nearby population. Using this approach, one can determine if the problem lies with the location itself, the regional infrastructure or an incompatibility between the purchasing habits of the local population and the service or product being offered. Sometimes, this analysis reveals that a targeted sales and marketing campaign would be helpful. In other cases, it may become apparent that a company’s sales territories suffer from stark variations in potential. For example, while some sales areas enjoy high concentrations of regular customers, others may be struggling, serviced by sales personnel who must drive significant distances to meet with customers whose purchases contribute very little to the overall company turnover. With the help of geomarketing analyses, controlling can give the sales team valuable feedback regarding sales and service network optimization.

In short, geomarketing helps the controlling and sales teams work together more efficiently and productively. Too often sales and controlling remain in their self-enclosed worlds. Companies are most successful when they find ways to bridge the gap between these two divisions, ensuring that both are proactively involved in the articulation and implementation of a unified market strategy. Geomarketing can bring these divisions together by providing concrete insight into what needs to change in order to boost a company’s performance.
Sales territory planning – a recurrent theme

The external sales force is the most expensive contingency of a sales division: each customer visit costs a company an average of between 120 and 800 euros; a single sales force member thus carries an annual price tag of 100,000 euros. These costs highlight the importance of taking a targeted, cost-benefit approach to the utilization of company expenditures. By regularly performing sales territory optimizations, businesses can ensure that nothing goes to waste, particularly with regard to sales force assignments. These optimizations serve to elevate the cost-effectiveness of the regions in question while improving profit margins and employee motivation. The upshot: A geomarketing approach actualizes potential, increases turnover and decreases costs.

A success story: Vichy’s geomarketing-approach to sales territory planning

Since 2003, Vichy has been using DISTRICT, GfK GeoMarketing’s geomarketing software solution for sales territory planning. Vichy’s controlling team prepares the company data, after which a GfK GeoMarketing consultant visits the company to perform a comprehensive sales territory planning analysis using DISTRICT.

A consultant’s expertise significantly contributes to the sales territory optimization process, explains Stefan Mohrlang, a sales controller at Vichy: “A regularly performed sales network optimization makes sense both from the standpoint of the market as well as the company,” he explains. “The challenge consists in keeping personnel informed with regard to emerging developments in our markets, while, at the same time, communicating a clear vision concerning the future direction of the company. Geomarketing has been pivotal in helping us accomplish this goal.”

Sound sales and service territory planning involves taking multiple factors into account simultaneously, including the current state and projected growth of the market(s) in question, existing company-client relationships, sales territory size, market potential, travel requirements for customers and the external sales force, number and type of customers, transport networks and natural barriers such as mountains and rivers.

“After obtaining a comprehensive overview of our markets, we used DISTRICT and digital maps to illustrate and analyze the structure of our sales territory network as it existed at the time,” says Mohrlang, describing the next phase of Vichy’s sales restructuring. “We then defined the criteria that were relevant to our purposes. Finally, after producing some concrete restructuring suggestions using the software, we discussed the results with our external sales team, making sure that any proposed changes took their on-the-ground experience and insights into account.”
Geomarketing creates transparency and highlights courses of action for sales force optimization

Regular sales structure reviews are an essential business practice and should ideally be done from time to time in the presence of an unbiased external consultant in order to ensure objectivity. It’s not helpful simply to give the sales team members a top-level directive that they should shorten their driving distance or meetings with customers.

Geomarketing offers a transparent and trustworthy solution to this situation, providing well-grounded suggestions for changes in a visually compelling fashion. Moreover, the geomarketing approach incorporates the experience of all sections of a business as well as the expertise of consultants. The result: a selection of realistic, thoroughly researched suggestions for optimization that are much more likely to win the support and confidence of employees.

Geomarketing facilitates concrete, straightforward proposals for how to hone in on the most promising regions of your market or reduce the traveling done by the external sales team.

“After the proposed changes have been discussed, a GfK GeoMarketing sales territory planning consultant manually fine-tunes the changes in DISTRICT,” says Stefan Mohrlang, continuing his explanation of Vichy’s restructuring process. “The fact that the results of any changes made in DISTRICT can be seen immediately makes it an irreplaceable tool for restructuring.”

Finally, the results of the restructuring are detailed in reports and illustrated on maps, both of which are passed on to all employees so that everyone is fully informed. “I was particularly impressed by the quality and straightforwardness of the results. Everything was very clear despite the complexity of the theme,” Mohrlang comments. “Geomarketing carried out with the help of DISTRICT and an experienced consultant is an immensely important component of Vichy’s sales territory planning and optimization.”

Applications: Controlling/Sales

Regularly updating your sales and service networks is essential for ensuring long-term success.
Applications: Expansion planning

Branch network optimization, location and expansion planning: Laying the groundwork for success and growth

Location planning: Preparing for the future ... today
A standstill in a company’s market development is almost always fatal. Opportunities for entering and expanding into markets often don’t come around twice. In a company’s location, network and expansion planning, it’s vital to pay attention to regional factors. Customers, target groups, delivery depots, competitor locations, purchasing power and consumer confidence are never distributed equally throughout a given market. Numerous location studies carried out by GfK GeoMarketing have shown that many markets contain significant untapped potential, particularly in countries where the market in question has only recently assumed momentum. However, often these areas of greater potential also pose greater risks. Misguided location-related decisions are extremely expensive and can only be reversed with great difficulty, if at all. Geomarketing allows companies to objectively measure opportunities for success and minimize the associated risks.

Businesses should take a variety of things into account when making location-related decisions. GfK market data provide an objective basis for the Europe-wide evaluation of markets and their potential. Geomarketing software brings the numerous factors into focus through analyses and compelling illustrations. It’s possible to identify trends and forecast likely developments based on the current market status. The third component is consultation with an experienced location and real estate expert. GfK GeoMarketing consultants regularly perform on-site studies, giving them a broad knowledge base that can help companies evaluate their plans and goals more objectively.

Geomarketing offers all the angles on your markets as well as your location, sales and service networks
A company’s long-term success depends not just on the status of an individual location, but also on the configuration and interaction of the entire network of locations. Depending on the goals or phase of development of a particular company or market, the following courses of action promote, enhance and sustain success:
**Branch network optimization**

The goal of a branch network optimization is to ensure that all locations are accessible to as many customers as possible, achieve more favorable positioning than the competition and increase the market share in the regions under review. A key component of this approach involves carrying out a detailed analysis of the existing and/or future locations with the help of an experienced location-research specialist such as GfK GeoMarketing. It’s important that companies draw on this expertise so that they can successfully achieve a greater and sustainable presence in the desired target market.

**Site appraisals**

Location analysis revolves around identifying the factors influencing the success of an individual location or collection of locations. Retail outlets, for example, only turn a profit if enough customers show up on a daily basis. Professional location and real estate researchers therefore analyze the specific components that relate to customer frequency: proximity of store to place of residence, draw of the retail location, accessibility, nearby competition and the site’s socio-demographic profile. Regarding the latter, this could be anything from a town center or a specialized store in an outlying retail park to a shopping center.

Other important factors that often can only be properly evaluated on-site by an experienced expert include the quality of the location itself and the surrounding infrastructure, the development prospects and the effect of planned projects in the immediate vicinity. GfK GeoMarketing location analysts carefully consider all of these issues and many others when carrying out a site assessment.

**Impact analysis – legally-sound planning for trouble-free growth**

Many European countries have very restrictive policies with regard to the establishing and operating of large-area retail outlets. There’s often a significant amount of bureaucracy to take care of at the beginning of a project. Frequently the potential impact of the new project on existing retailers, supply areas and nearby town centers must be clarified.

GfK GeoMarketing is well versed in laws, provisions and building regulations throughout Europe and has a wealth of experience in serving as a neutral and reliable mediator between local authorities, project developers and the public.
Expand or expire: Meeting the demand for growth in today’s global markets

Retailers increasingly feel pressure to gain a foothold in international markets in order to enjoy continued growth. Eastern Europe and Asia are particular points of focus among today’s forward-looking businesses. Cultural differences often pose significant challenges to Western companies looking to make an entry into markets abroad. Local laws, customs, business models and practices often differ radically. Any site-selection strategy must take these issues into account. In order to accurately assess market potential, it’s necessary to examine socio-economic and socio-demographic data on the microgeographic level.

Market research concepts and practices in some developing markets lag behind those of industrialized nations. This means that market data, when available at all, is frequently less detailed and comprehensive. As a result, geomarketing has assumed a vital role in guiding retailers in the search for suitable business locations in these important growth regions.

Invest today in the land of the rising sun for big wins tomorrow

With over 1.3 billion inhabitants, the People’s Republic of China is the world’s most populated country. Combine this number with the country’s constantly rising purchasing power, and it’s obvious that the Chinese market will play a dominant role in the future. China’s retail-related turnover is expected to exceed Germany’s by 2015. By 2025, experts predict that China will be the third largest consumer market in the world.

GfK GeoMarketing recently performed a location analysis in Peking in order to calculate the purchasing power for a German clothing company looking to enter the Chinese market. Using the geomarketing software RegioGraph, population data was prepared, analyzed and differentiated according to region. With the help of these figures, consumer potential was calculated, providing the first objective benchmark for the company’s plans to expand to China. This served as a foundation for calculating optimal catchment areas so that the company could gain insight into the proposed location’s full market potential.
Further calculations on location-related factors were carried out, including site location characteristics, accessibility, nearby competition and the nature and structure of existing businesses in the immediate vicinity. The results yielded detailed information regarding the most suitable locations, as well as regions to be avoided.

**Shopping centers are the preferred first step when expanding abroad**

When expanding into new markets abroad, retailers often prefer to begin with a shopping center location. However, the on-site studies carried out in Peking by GfK GeoMarketing location researchers revealed that shopping centers have not yet gained the consumer confidence enjoyed by department stores. Still, the studies showed that quite a few shopping centers have opened in recent years and their acceptance among consumers is steadily rising in many locations.

To the German clothing company for whom these studies were performed, the resulting information and insights were a decisive component in their expansion planning. In growing markets like China, it’s vital to know how purchasing power levels vary regionally. For example, although overall purchasing power is increasing rapidly throughout China, only a small percentage of the population has enough disposable income to shop regularly for Western products and brands. A geomarketing approach can pinpoint these particularly affluent areas, thereby substantially increasing a company’s chances for success.

Geomarketing offers a reliable foundation for expansion-planning decisions, the results of which affect a company’s health for years to come. A geomarketing approach is therefore indispensable amidst the complex challenges posed by today’s global markets.
Checklists

Overview of available European market data

End-consumer data
- **GfK Purchasing Power Europe**
  Shows the disposable income of the population according to consumers’ places of residence
- **Number of Inhabitants**
- **Number of Households**
- **GfK Retail Purchasing Power**
  Reveals demand for fixed-location retail trade and mail-order trade according to region

Retail trade data
- **GfK Point-of-Sale (POS) Turnover**
  Shows the amount spent on retail goods according to the place of purchase
- **GfK Retail Centrality**
  Reveals the drawing power of locations – i.e., the relative attractiveness of municipalities as shopping areas

Europe Retail Location Guide
- shows the top European metropolitan areas at a glance
- reveals the most important details about the retail situation in 341 European cities
- analyzes the retail potential in European cities in 31 countries
- is an important tool for finding the ideal retail location in Europe

What information does it provide?
The following data are included at both national and city levels:
- number of inhabitants
- number of households
- GfK Purchasing Power
- age demographics
- retail sales
- growth rates (GDP, private expenditures and retail sales)
- shopping center areas (rented space/GLA) and addresses

The data are supplemented by graphs illustrating three- or four-year trends as well as a comparison of the European and national average.
Sales territory optimization checklist

Whether performing your own sales territory optimization or hiring professional consultants, the following guidelines should be followed in order to ensure that any resulting company changes are successful and accepted by all employees:

• Allow enough time for the planning phase (at least six months).

• Collect and enter all available data regarding the existing structure of the company into a database.

• Provide a detailed timeframe to all those to be affected by the process.

• Consult the knowledge and experience of the external sales force.

• Define goals clearly – e.g., more time for customers, 10% new customer acquisition, concentrate more on key accounts, cut operating costs by 30%, etc.

• Carry out a detailed documentation and analysis of the current state of your company and markets.

• Acquire the relevant market data: branch benchmarks, purchasing power for specific product lines, customer potential, customer surveys, etc.

• Strive for objectivity and transparency throughout the planning and implementation phases.

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On the web
You can consult this checklist as well as further information on location planning at www.gfk-geomarketing.com/download_phases.
Location analysis checklist

- **Macro-location:**
  Administrative conditions, accessibility, characteristics of immediate environs, socio-demographic and macro-economic profile...

- **Micro-location:**
  Analysis of the property and its surroundings, accessibility, availability of parking, site image, building regulations...

- **Competition:**
  Analysis of the location potential with respect to the existing and predicted network of competitors

- **Potential:**
  Defining of a (prospective) catchment area, calculation of site attractiveness and the level of variation in the immediate surroundings, analysis of market penetration, rent levels, cost-use evaluation, comparison of projected turnover with overhead...

- **Impact analysis and/or calculation of redistributed turnover**

- **Location pros and cons**

Notes:

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**On the web**
You can consult this checklist as well as further information on location planning and GfK GeoMarketing’s range of consultancy services at [www.gfk-geomarketing.com/consulting](http://www.gfk-geomarketing.com/consulting).
Who is GfK GeoMarketing?

GfK GeoMarketing is one of the largest European suppliers of geomarketing solutions, building on an experience of more than 70 years. GfK GeoMarketing offers innovative geomarketing solutions for companies Europe-wide and from all branches of trade. The company’s core areas are:

- Consultancy for location research and sales territory planning
- Europe-wide market data
- Worldwide digital maps
- Geomarketing software applications RegioGraph and DISTRICT

GfK GeoMarketing is a subsidiary of GfK, the world’s fifth-ranked market research organization. GfK GeoMarketing promotes business success through its innovative array of geomarketing solutions, complemented by its access to high-quality market data from the globally active GfK network.

GfK GeoMarketing employs a total of more than 100 staff across its three locations in Bruchsal, Nuremberg and Hamburg. It regularly presents its products and services at trade fairs throughout the world.

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