



**NZ Retail**  
**October, 2010**

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# Best foot forward

Even in hard economic times, there are always opportunities. Developing a clever retail real estate strategy could be a key driver for growth this year with the current competitive leases and a need to reach more people than previously to create similar business turnover.

**B**ut, with real estate agents glossing over only the finer points, how can you predict if that 'perfect' new store location is going to be a winner for you? Don't wait until you've spent money moving in to find out, just look to your data.

Leading analytics company Datamine has come up with a 'footprint analysis' founder Paul O'Connor explains. "Optimising, geographical footprint is the challenge for many retailers at the moment. With directives coming from the board to open new stores as a way of driving revenue, getting the right location is a must-do."

**What can this analysis provide?**

Retail footprint analysis uses data to provide answers to questions such as:

- How many stores can this

market support?

- How would a store perform in that location?
- Which stores are underperforming and why?
- Where are my most profitable customers?

"Finding the right information in your data can really help piece together the puzzle of store locations," he says, "and can underpin consistent expansion – helping you secure the best sites, before your competitor spots them!" O'Connor has overseen dozens of footprint projects for New Zealand's largest retailers in the fifteen years since Datamine first opened.

Footprint analysis also allows retailers to explore their primary and secondary trading areas and, importantly, identify what proportion of their customers come from out of town. This information, fused with advanced

modelling techniques, can also be used to assess potential new sites for stores, projecting likely turnover in that region and whether cannibalisation from other branches or stores is likely.

"This is especially important in a franchise situation as owners are territorial and want to know the impact that another branch nearby will have on their customer base and trading," explains O'Connor.

While the placement of new stores is a prime consideration for the property team of the country's biggest retailers, it's not just store owners thinking about the retail mix. In fact, several of New Zealand's tourist centres are looking at their offering in order to ensure their local economy is performing at its best (see case study).



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Auckland's Takapuna is a notoriously difficult retail environment to break into and has a constant turnover of retail shops. Looking at the data of the stores in the area can show which ones have been a success – and if there's enough of the right kind of foot traffic to support a specific retail store.

### Where to start

When looking for an expert to develop your footprint analysis, you should ensure you enlist someone with extensive experience in the field and who has access to both customer and market information.

### Case Study: Rotorua District Council

Foot traffic heading out of town ...

Not a happy headline for any retailer.

Despite the global directive to 'buy local' in supermarket aisles, clothing and footwear retailers in Rotorua found that a phenomenon known as 'the Tauranga shopping trip' meant that 11 per cent of locals – and tourists – were regularly seeking their retail therapy outside the Rotorua shopping district. This was stimulating Tauranga's economy – as opposed to their own.

This insight was discovered by Datamine which researched data for the Rotorua District Council – which was trying to create economic growth in the region, particularly in the retail sector.

Anecdotally, they believed that Rotorua did not have the right mix of retail to service the new tourists in town – brought in following the opening of an international airport in Rotorua. In order to explore this further,

they needed to understand the key characteristics of the Rotorua retail offering, comparing it to other popular tourist centres such as Tauranga and Queenstown.

Now that Rotorua District Council has a clearer picture of its retail mix, it is working to attract specific retailers that will 'fill the gaps' in their retail offering from mainstream to more specialist stores that are traditionally found in surplus in their neighbouring regions.

Footprint analysis is a tried and tested way to save yourself the hassle and expense of an unsuccessful property acquisition or re-location. ■

For more information, contact Datamine on (09) 303 2300, or e-mail: [christina.day@datamine.com](mailto:christina.day@datamine.com) or go to: [www.datamine.com](http://www.datamine.com).