Editorial

The local geographical dimension of market analysis does not receive as much attention as it might. In part, this reflects the lack of geographers in market research. Yet it also reflects the essentially non-spatial concerns of academics and practitioners. No arm of market analysis has a bigger geographical dimension than that to be found in retailing. This is hardly surprising. Retailing is essentially a local business; focused on identifying and satisfying local customer needs. It is also, however, an increasingly powerful business sector, both in terms of its absolute value added, and its position in the value chain:

‘From the point of view of the marketer, retailers are, by definition, closer to the consumer than supplier companies. This has two implications. First, retailers are in principle better placed to gather information on the behaviour of consumers and customers than organisations further back in the supply chain. Secondly, and as a consequence of this data-gathering activity, such companies are also therefore becoming better placed to communicate more effectively with consumers and to develop strategies that are more effectively market-oriented.’¹

Understanding how local customer needs vary has led to the growth of a particular sub-branch of the discipline: retail location analysis. Proponents of the latter can be found not just among retailers, but within most branch-based organisations and they are active in local area analysis, sales forecasting, site assessments and linking local market characteristics to performance. Some techniques and approaches used in retail location analysis have not changed in

over a generation; some undergo constant refinement and updating. Others are the result of work at the leading edge of spatial data visualisation and scrutiny.

In this issue of the Journal, alongside other contributions, we offer you six papers illustrating the range of approaches and techniques in service. And if the topic has piqued your interest, we also offer you some further food for thought in the form of an annotated bibliography to help identify further reading.

David Rogers provides us with an initial and effective overview of retail location analysis methodology — and a reminder that not all market research can be done from the comfort of an office chair, at the click of a mouse: ‘it is the quality and thoroughness of the field analysis that determines the accuracy of a site evaluation and sales forecast’, he suggests, ‘as much as which particular sales forecasting method is employed’. Along the way, Rogers reviews the expansion planning process, the kinds of data sources that can be employed and the alternative methods available to analysts. Making the intelligent choices, he remarks, ‘is a difficult objective to achieve in an era of canned data solutions and pressurised decision-making’.

Three papers examine the way in which new data sources and visualisation techniques can be employed inventively to add greater accessibility and insight to spatial analysis. Tony Hernandez’s paper explores the ways in which new generations of GIS (geographical information systems) are being developed to accommodate the need to visualise dynamic data over time and in three

dimensions. Animation techniques, linked with decision support processes, encourage practitioners to 'think visually' and examine issues ranging from fluctuating vacancy rates, through the growth and decline of ethnic retailing, to examining the differential performance of a property portfolio over time, differentiated by format.

Mark Thurstain-Goodwin and Yi Gong use GIS in practice to help make sense of a real-time series data set, in order to understand the changing role of town and city centre shopping areas over the past thirty years in the UK. In comparing the 1971 UK Census of Distribution with the new floorspace and employment data collected for centres in London in 2000, the authors faced considerable methodological challenges (not least the scanning in and character recognition of the entire 1971 Distribution Census). Over and above this, however, the authors highlight the difficulties of comparing apparently similar 'places' and their characteristics: not only was the structure of the retail economy completely different in 1971, but the tools used to analyse retailing were much more basic.

Tim Denison deploys in-store electronic counting systems in a novel ad-tracking application, as a way of examining local differences in promotional effectiveness. Traffic and conversion movements are plotted against a control. The controls can be, variously, year-on-year; pre- versus post-; unaffected region versus affected region; or, the rest of the high street versus target stores. Denison concludes: 'ad-tracking using customer counting technology at its core, offers retailers the opportunity to measure annual marketing campaigns and spend more directly and accurately than by using conventional techniques'.

Two technique papers follow Denison's contribution. Regression analysis is one

of the most widely used retail location analysis methods. Ann Lucia Silva's and Margarida G. M. S. Cardoso's paper on regression trees gets to the heart of the challenge of isolating the critical factors affecting store performance out of the plethora of possible candidates. Their approach accounts for 70 per cent of the variance in sales per square metre in their case study supermarkets. Andy Thompson and Jonathan Walker provide another perspective on tools and techniques for this special issue, and an especially useful comparison of modelling techniques. What is often surprising is, in general, how little retailers themselves and other branch-based organisations are often willing to spend in this area. Thompson and Walker conclude that 'provided that the capability can be implemented effectively, the decision to invest should not be a difficult one to make. The crucial consideration should not be one of cost, but of one of value.'

For our regular readers, this issue includes Barry Ip and Gabriel Jacobs' entertaining (in more ways than one) but rigorous segmentation of the computer and video gamer. The characteristics of 'hard core' and 'casual' gamers are explored with useful lessons for software developers.

Finally, Ian Corner and Beth Rogers lift the veil over challenges in CRM implementation in their lively opinion piece. 'The unpalatable alternative', to reading this article (I paraphrase from their conclusion), 'is to watch an alienated work force trying to give your customers a good time'.

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Editor
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References

- 1 Reynolds, J. (2004) 'Retail strategy: The view from the bridge', Elsevier, Oxford, UK.