

## **Location Analytics: from tactical use to strategic asset to ensure a scientific market exploitation**

**Marco Santambrogio**

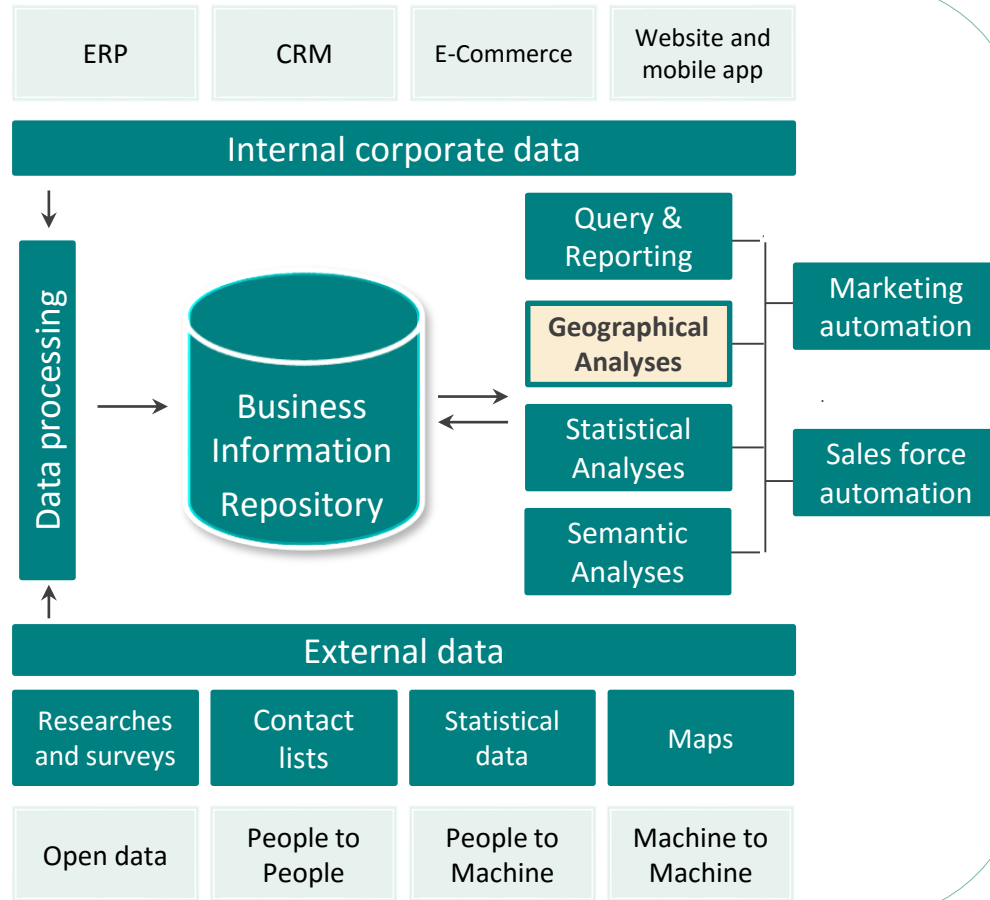
Founder – CEO

March 16, 2017 | Rosarium in Amsterdam, Netherlands

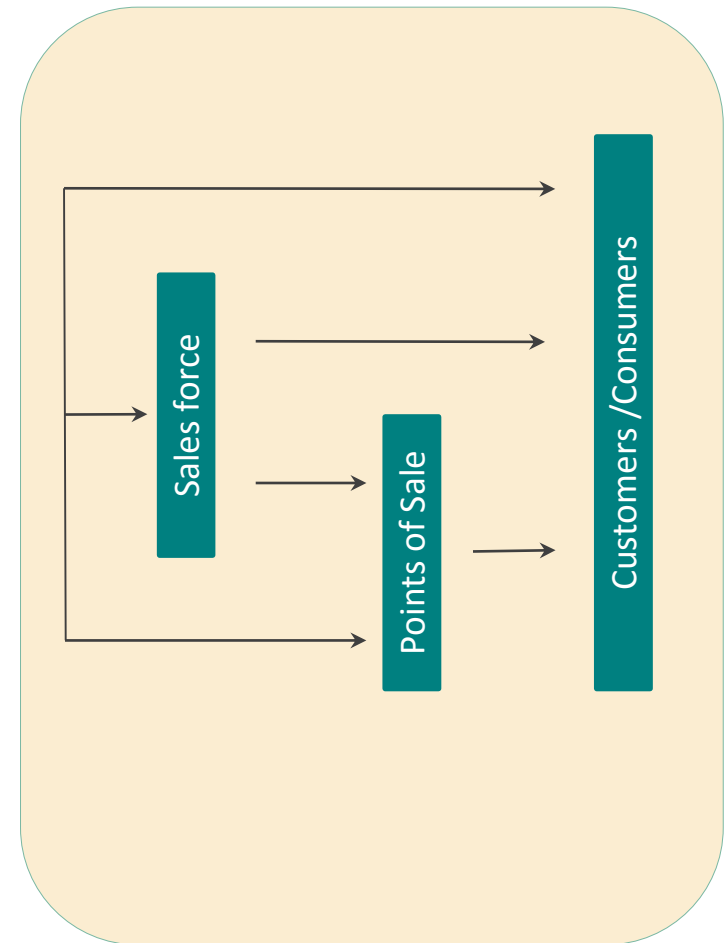


# Best Companies manage strategy and operations having a comprehensive view of the business... and Location intelligence is crucial

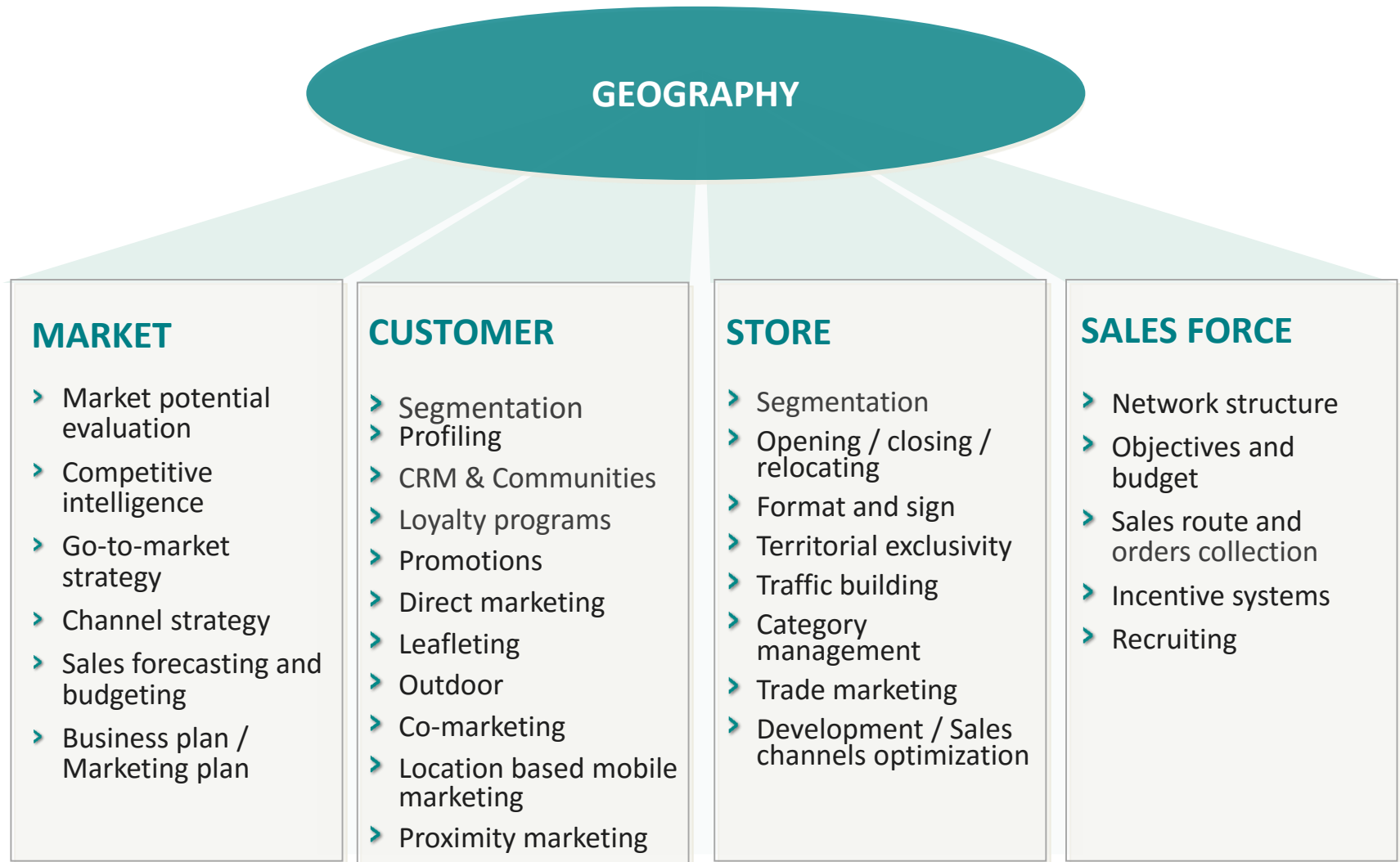
## Firm



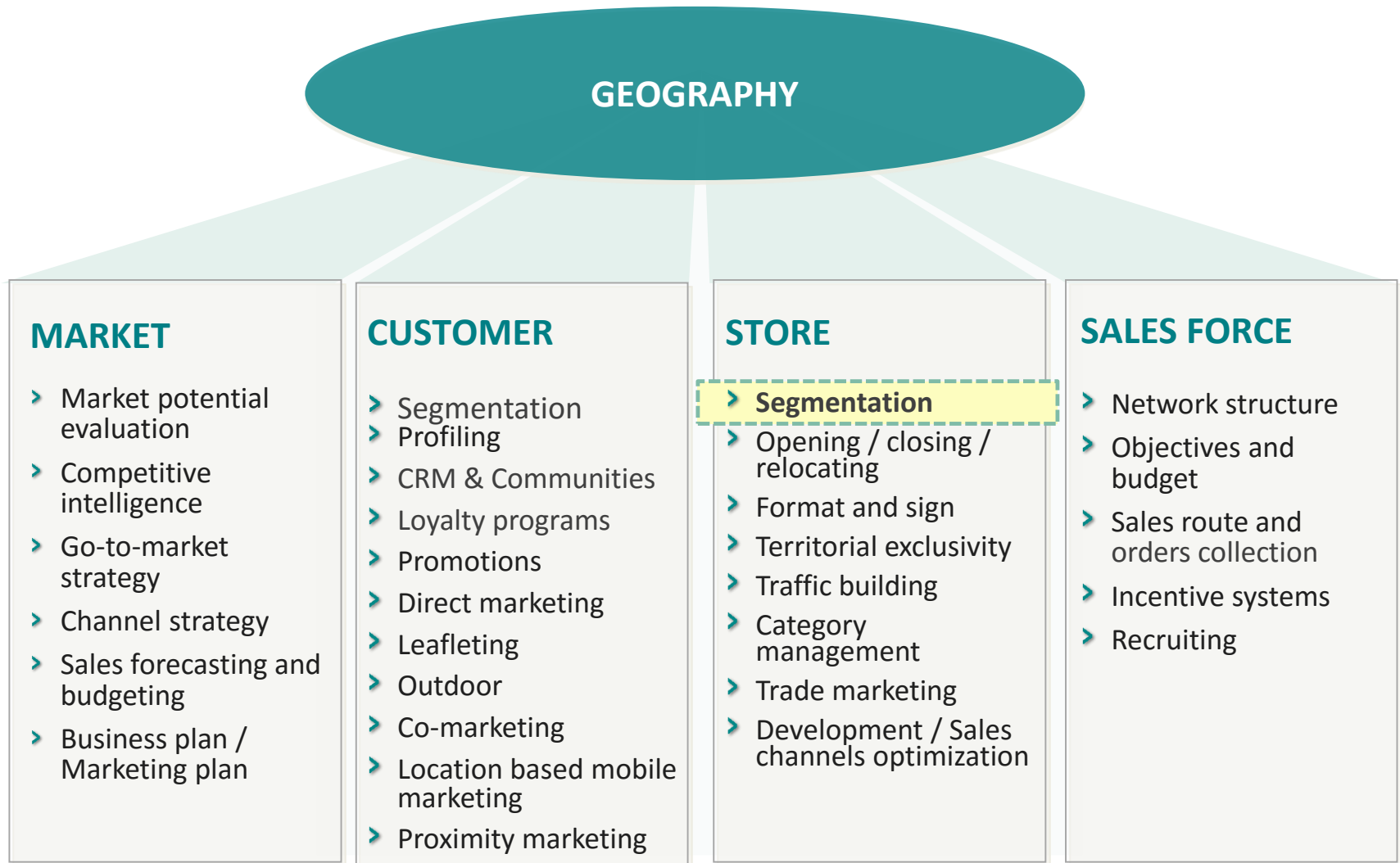
## Market



# Best Companies leverage on the geographical component of the data to solve several strategic and operational issues



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## Case 1 – Segmentation of Stores



- Retail grocery
- 6° player in Italy
- 32 Companies associated
- 2.516 Stores
- 1.183.804 square meters



### OBJECTIVE

1

Stores segmentation aimed at **reconstructing commercial performances key drivers**

2

Activation of both **tactical and strategical actions to maximize the performances** of each **store cluster**

# 522 owned shops analyzed

## DATA

## ANALYTICS

### Geographical Area Data



**Geo-demographic profile and consumptions**  
(Cluster **POLIS®**)

**Competition:**  
distance, number of stores, average Sqm, revenue/Sq m

### Structural Data



**Services available:**  
Click&Collect, home delivery, laundry, fast food

Opening on **Saturday** and **Sunday**

**Sq m**

**Cluster Vegè**

### Performance Data



**Frequency, average ticket, average price, UPT**

**Promotions impact**

### CART

Decision Trees method for cluster analysis with continuous dependent variables

## 8 very different clusters have been identified

1

Villages



159  
POS



Province



Strong competition



High frequency of  
purchase

2

Peripheral areas  
in decline



74  
POS



Poor periphery



Little competition



Population  
concentrated in small  
and neighbour areas

3

Hinterland



20  
POS



In the hinterland



Strong competition



Higher tickets

4

Rising peripheral  
areas



39  
POS



Prosperous periphery



Strong competition



Stores open on Sunday

5

Urban centres



124  
POS



Wealthier areas



Little  
competition



Services available

6

Prestigious areas



64  
POS



Prestigious areas



Strong competition



Services available

7

Remote areas



32  
POS



Sparsely populated



Wider range of  
products



High frequency of  
purchase

8

Touristic areas



66  
POS



Touristic areas



Little competition



Stores open on Sunday

# Example Cluster 1 – «Villages»

Stores are located in **peripheral areas**, where **average families** with **average income** and **educational level** live. Stores are characterized by a **high frequency of purchase** and are **open on Saturday**. **Competition** is quite far-off, fierce and large.



## STORES KPI

	Cluster Avg	Total Avg
<b>SALES/Mq</b>	4.970 €	7.527 €
<b>FREQUENCY</b>	23	18
<b>LOYALTY IMPACT</b>	39%	35%
<b>PROMO IMPACT</b>	11%	12%
<b>AVERAGE TICKET</b>	12 €	12 €
<b>UTP</b>	5,98	5,95
<b>AVERAGE PRICE</b>	2,02 €	1,98 €
<b>Sq m</b>	273	254

## SERVICES

	Cluster Avg	Total Avg
<b>SATURDAY</b>	22%	20%
<b>SUNDAY</b>	5%	7%
<b>CLICK &amp; COLLECT</b>	1%	7%
<b>HOME DELIVERY</b>	34%	52%
<b>LAUNDRY</b>	1%	11%
<b>FAST FOOD</b>	1%	14%

## CLUSTER Vègè

	Cluster Avg	Total Avg
EXPRESS ATTRACTIONS	71%	35%
HIGH LUXURY	5%	12%
CITY DISTRICT	24%	52%

## CLUSTER POLIS

	Cluster Avg	Total Avg
POLIS_A	3%	20%
POLIS_B	3%	12%
POLIS_C	4%	2%
POLIS_D	7%	10%
POLIS_E	7%	15%
POLIS_F	32%	14%
POLIS_G	20%	11%
POLIS_H	10%	7%
POLIS_I	10%	5%
POLIS_L	2%	1%
POLIS_M	1%	2%

## COMPETITION \*

	Cluster Avg	Total Avg
AVERAGE DISTANCE	4.8km	3.2km
n. of Stores		
DIRECT COMPETITION	5,4	3,14
INDIRECT COMPETITION	21,7	11,2
TOTAL COMPETITION	27	14
Sq m		
DIRECT COMPETITION	855	553
INDIRECT COMPETITION	761	498
TOTAL COMPETITION	788	544
Revenue/Sq m		
DIRECT COMPETITION	6.2 K €	5.5 K €
INDIRECT COMPETITION	5.7 K €	6.1 K €
TOTAL COMPETITION	5.2 K €	6.8 K €



## Next steps based on Stores segmentation

01

### Territorial exclusivity

Differentiation based on:

- **demand size** and **density**
- **competition level** and **intensity**
- **store format**

02

### Format and sign redefinition

Distinct store signs depending on the different catchment area characteristics

03

### Private Label offering review

**Product assortments** and **pricing** differentiated on:

- store **cluster**
- store **format**

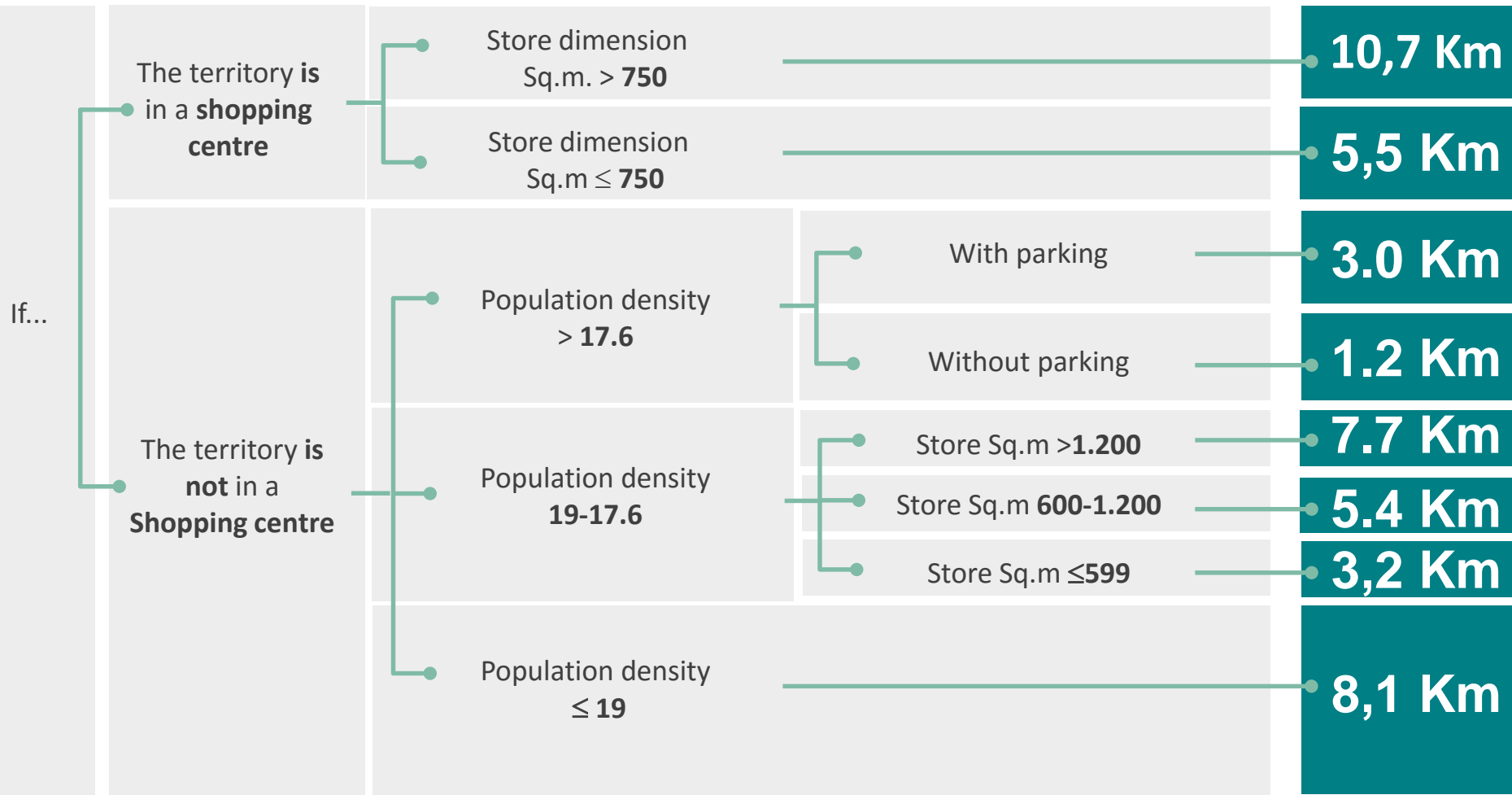
04

### Micro-marketing planning

- From national to **local decisions**
- **Traffic building** plans (out store)
- **Proximity Marketing** (in store)

# Revision of territorial exclusivity rules

**8 exclusive areas** based on **road distance**, based on **characteristics of the store** and **characteristics of the catchment area**



# Proximity marketing experimentation

## Analysis



- Analysis of **customers flow** based on their **smartphone tracker**
- Crosschecking of **data stream, planograms** and **data collected** from **customers loyalty cards**
- Cross analysis of **external factors** (eg. weather, competitors actions ...)

- Activated WIFI on the smartphones
- Ad hoc WIFI infrastructures
- Event hub
- Geocoding tools

## Optimization



- Change of **layout**
- Change of **product categories/brand areas**
- Change of **communication channels**

- Stream analytics tools
- Optimization tools

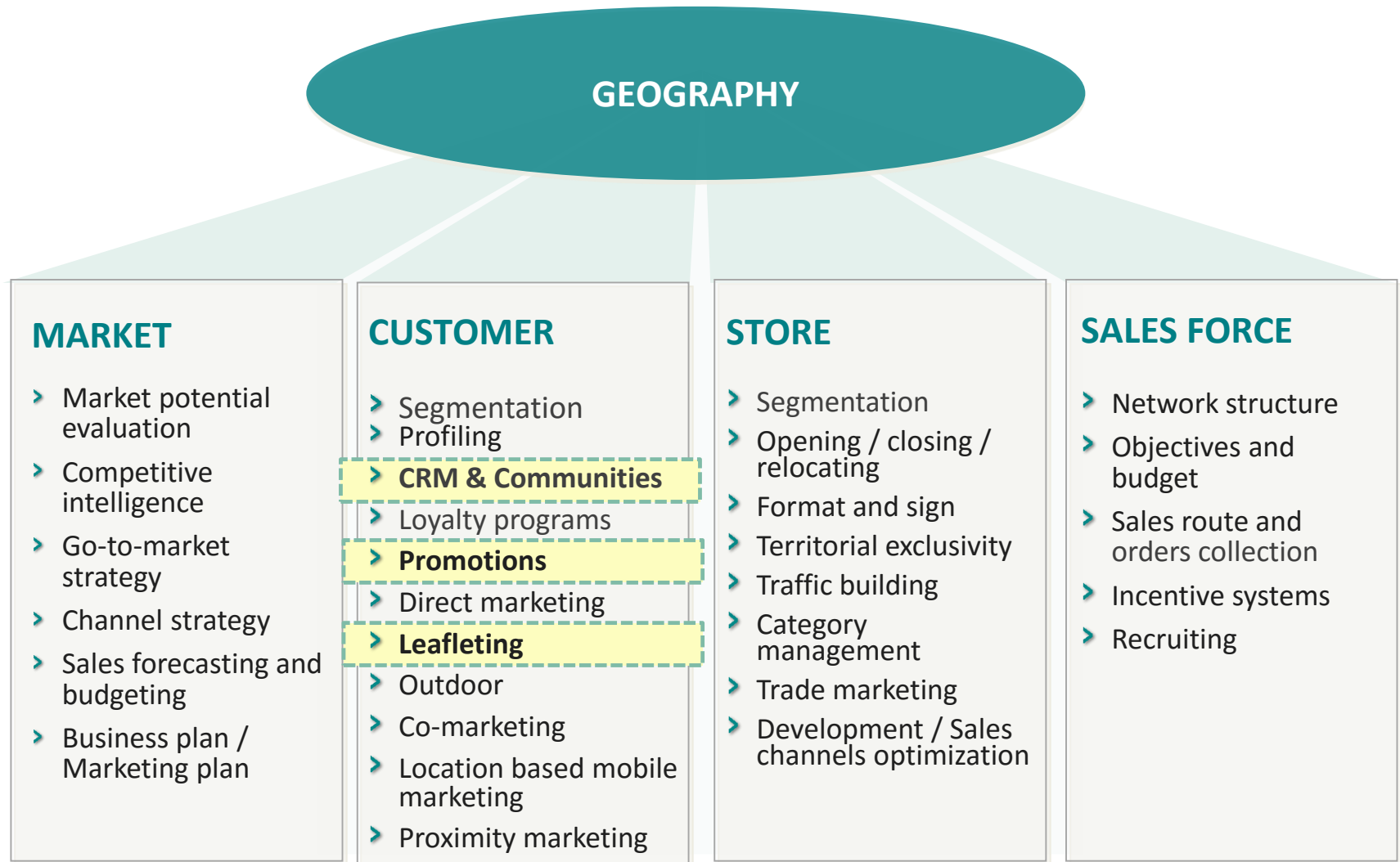
## Ongoing management



- **Highly targeted push notifications** leveraging on customers profile
- **Floating price** depending on demand elasticity

- Retailer App must be activated
- App location aware functionality:
  - Geofencing
  - Proximity Trigger

# Best Companies leverage on the geographical component of the data to solve several strategic and operational issues



## Case 2 – Traffic building

**Auchan** | RETAIL  
ITALIA



- **Retail grocery**
- **50 Stores**
- **10 regions covered**
- **2.600.000+ Customers**
- **2.100.000+ Euros Revenues**



### OBJECTIVE

**1**

**Reducing the investments in leaflet** (printing and distribution) yet maintaining unchanged its contribution to the revenue

**2**

**Differentiating the CRM activities** depending on customers behavior

# Innovation in leaflets format and distribution

1

**Data enrichment:** day/night population, **geodemographic** profiles, **consumptions** estimates and competitors data

2

**Leaflets differentiation** based on function and mission:  
**TRAFFIC** (flow) vs  
**CATALOGUE** (pull)

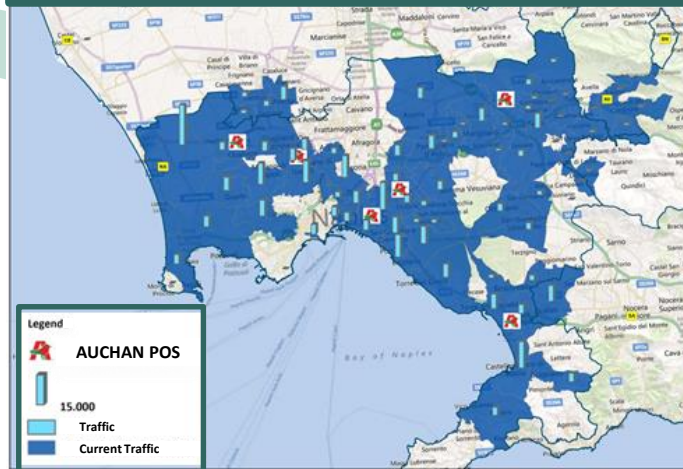
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**Optimization of the distribution areas** for the 2 leaflets and numbers (both for stores and overall network)

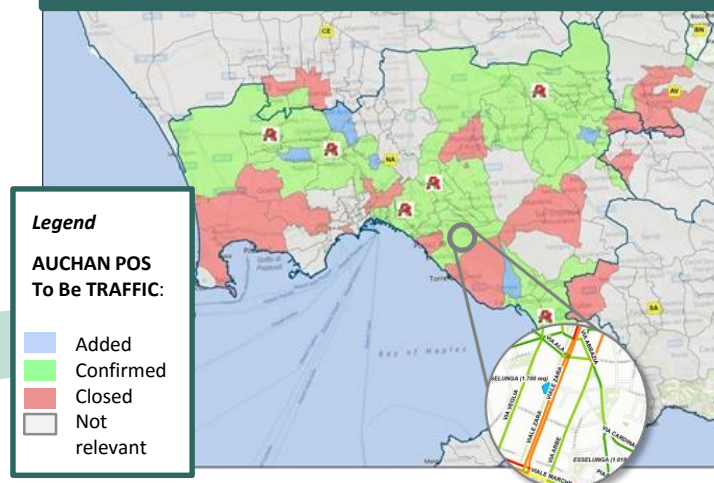
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**Identification** of the areas where it is convenient to communicate **via e-leaflet**

Territories and # original leaflets



Distribution optimized



## RESULTS

28% savings in printing and distribution costs

+

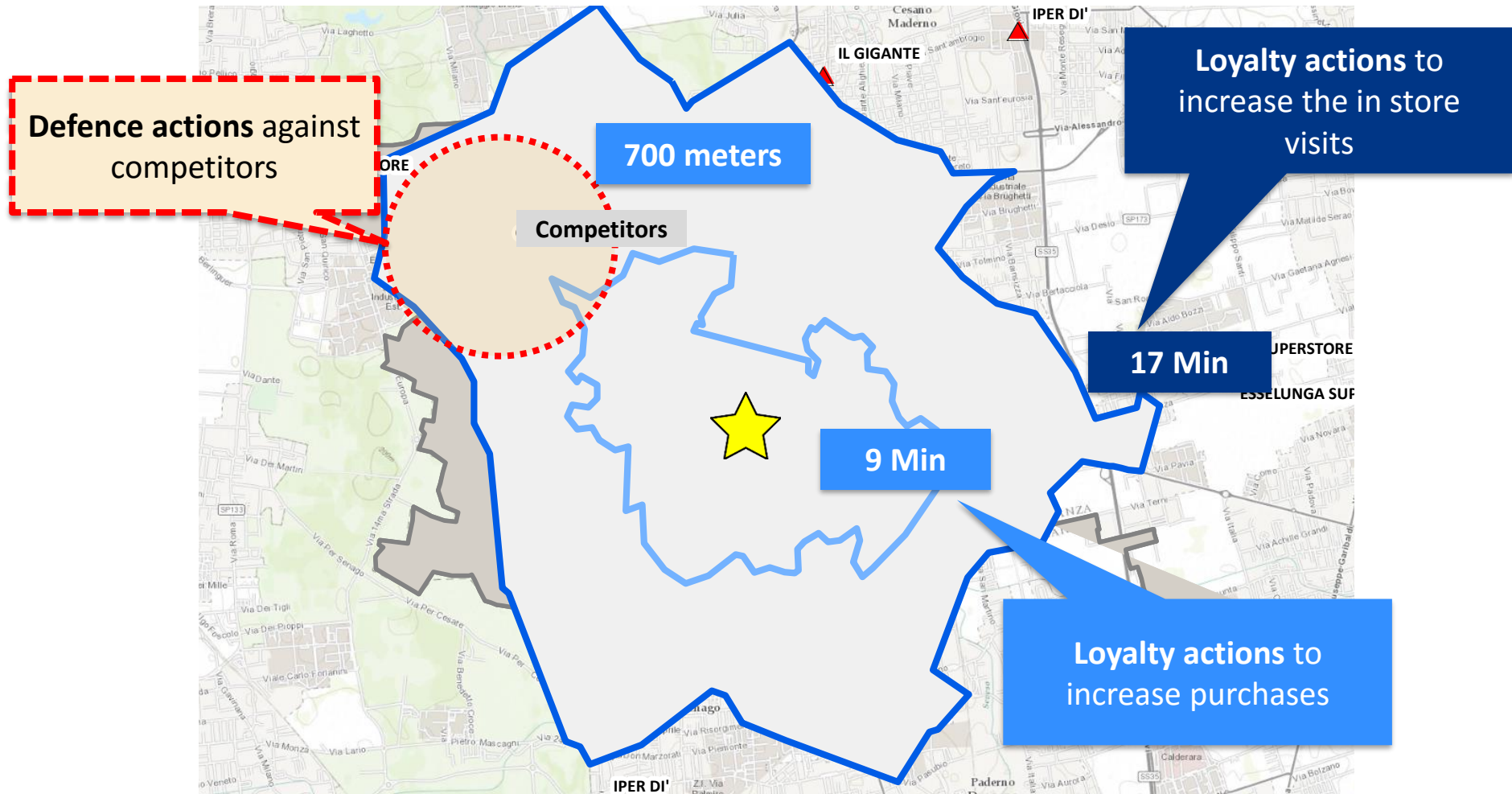
Savings partially reinvested in innovative digital media

=

Both Revenue Increase and Cost reduction

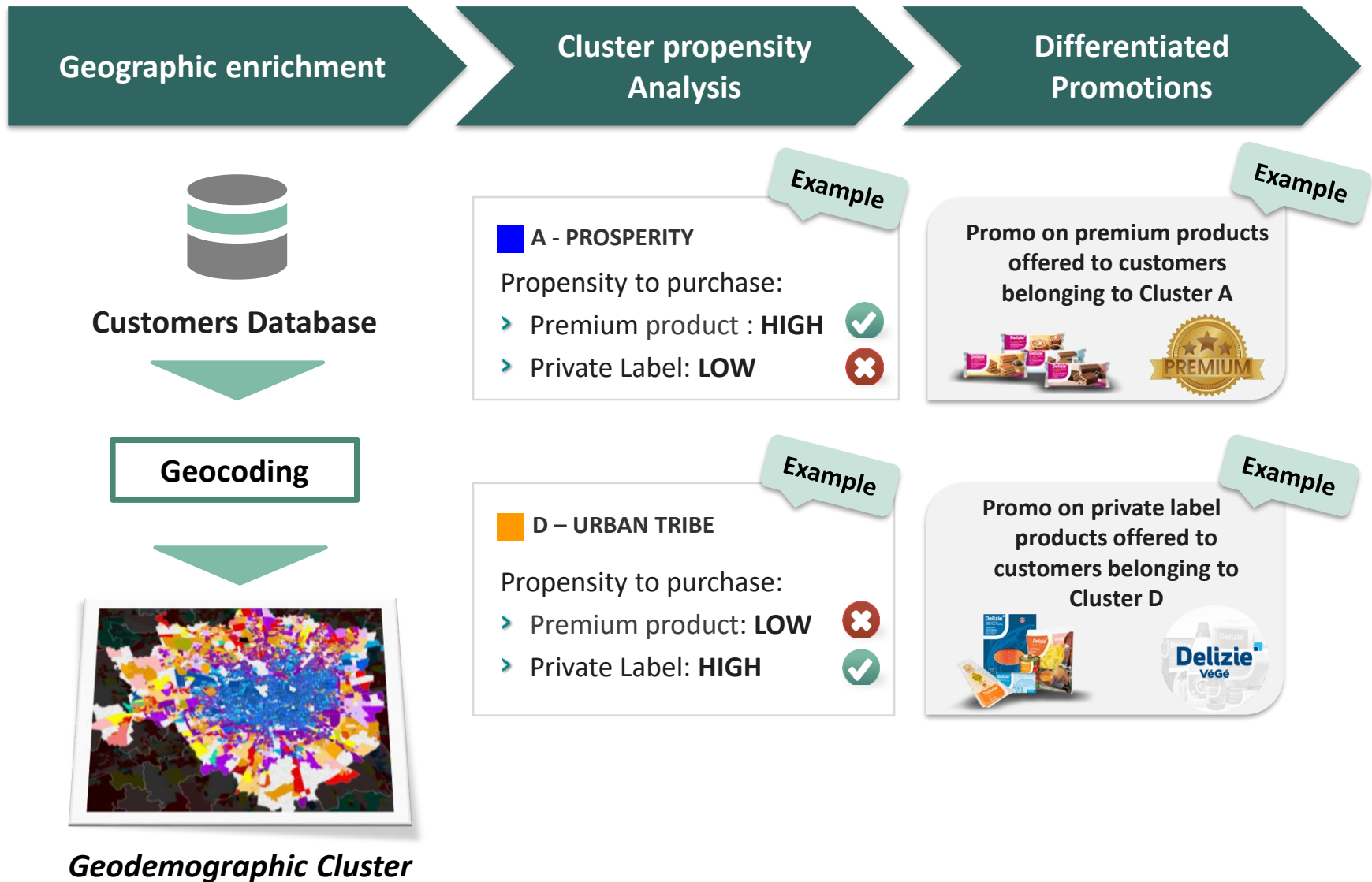
# Differentiation of promotions based on the geodemographic profile

Diversified promotions dedicated to customers submitted to loyalty programs and conveniently geocoded:





# Differentiation of promotions based on the geodemographic profile





To address these issues requires an integrated approach

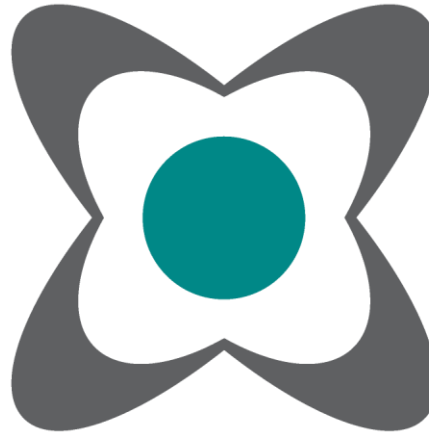
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## BUSINESS CAPABILITIES

- Problem solving
- Functional expertise
- Industry knowledge

## ENABLING TECHNOLOGIES

- On premise
- As a service / outsourcing
- Hybrid



## ANALYTICAL MODELS

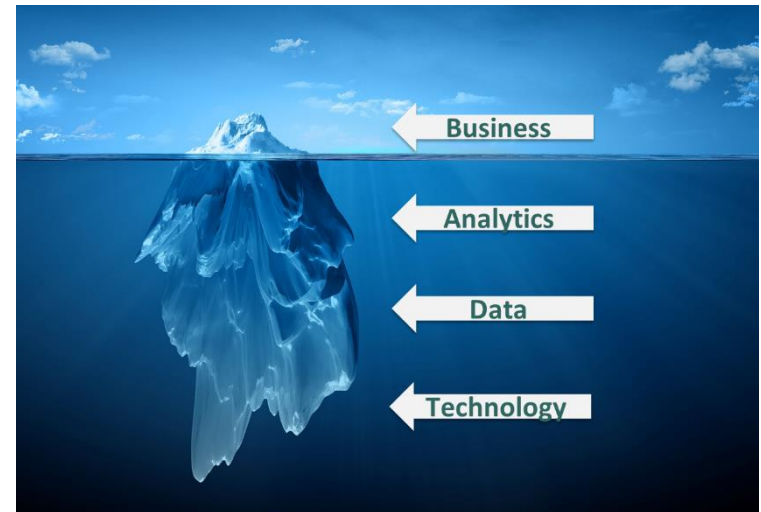
- Statistics / geostatistics
- Econometrics
- Operational research
- Machine learning

## DATA

- Geodemographic
- Statistical data
- Lists / directories
- Maps

# VALUE LAB is an example of Darwinian evolution

- Throughout its 25 year history, **VALUE LAB** has evolved from pure Management Consulting to **Business Consulting + Information Technology + Analytical services + Data**
- Focus on boosting **revenues**, optimizing **commercial costs** and improving **competitiveness**
- Specialized expertise in management of
  - **Market**
  - **Customer**
  - **Point of sales**
  - **Sales force**
- Operating both in **Italy** and **abroad**
- **160+ full time Professionals** with **mixed background** (business, data science, IT)
- **High seniority** and **specialization** in this business
- Strong interaction with **Business Schools** and **Universities**
- **Steadily** and **notable growth**
- Since November 2015 we are part of the **SERI JAKALA Group**



# VALUE LAB is one of the world's leading players in Location Intelligence and Analytics

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## *Leadership, Specialist expertise, Experience, Data, Methodological Accuracy, Innovation*

- We helped **dozens of retail chains** to manage **development plans** (openings, closures, relocations, specializations, assortment definition, store traffic). We calculated **catchment areas** for over **380,000 points of sale** thereby employing a variety of geo-statistical techniques.
- We streamlined the **structure** and the **activity** of **dozens of Sales Force networks** in several sectors.
- We manage the largest and most updated catalogue of **micro-territorial statistical data**, **contact lists** (persons, firms and points of sale) and **maps** in order to carry out analyses and operational activities in Italy and abroad.
- We are at the forefront of **Location Analytics**, providing solutions for **Big Data geographical analyses**, patented **integration software systems** between both ESRI-QLIK and ESRI-SAS, as well as **services offered in the cloud**.
- We are developing **Location Based Services** and **Location Based Mobile Marketing** activities.
- We have agreements for the management of **Geo-marketing and Location Analytics activities in outsourcing** for several other service firms (consulting, system integration, market research and communication).

We are the reference **Business Partner** in Italy and among the major ones in Europe for the world's leading software companies as regards **GIS (ESRI)**, **Business Intelligence (MICROSOFT, SAS, QLIK)** and **maps (HERE)**.

# VALUE LAB works in Italy and abroad with the industry's leading brands

## AUTOMOTIVE



## PETROL & UTILITIES



## TRAVEL & LEISURE



## CONSUMER DURABLES



## FAST MOVING CONSUMER GOODS



## FASHION & LUXURY



## FINANCE



## PHARMA & HEALTHCARE



## TELCO



## SERVICES



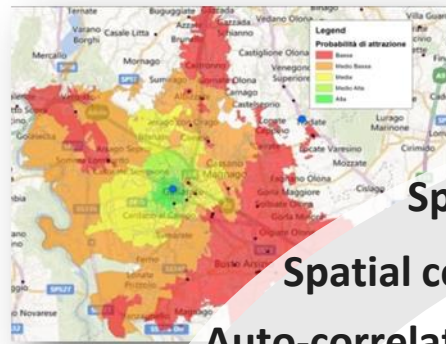
## MEDIA & PUBLISHING



## INDUSTRIAL GOODS



# VALUE LAB adopts innovative and focused analytical approaches



## Statistics

Regression

Correlation

Multivariate analysis

Factorial analysis

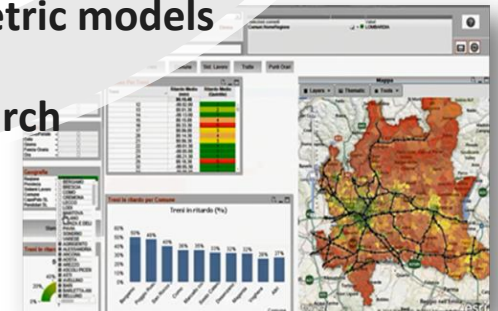
Cluster analysis

Basket analysis

Predictive models

Econometric models

Operative research



Spatial regression

Spatial correlation

Auto-correlation

Proximity analysis

Buffer analysis

Overlaps analysis

Interpolation

Hotspot Analysis

Network Analysis

Gravitational Models

**Location  
Analytics**

## Geo-statistics

# VALUE LAB provides DATA related to Italy and other Countries to support analytical and operational processes

## By OBJECT

### Processing of Addresses and Personal Data

- Data Entry
- Normalisation
- De-duplication
- Geo-coding and geo-referencing
- Enrichment

### Consumers

- Lists of private citizens
- POLIS socio-demographic segmentation
- Movers
- Resident and working population
- Population demography
- Income and consumption rates
- Savings and investments
- Financial behaviours
- Professionals

### Buildings

### Vehicles

### Firms

- Lists
- Firm demography

### Points of Sale

- Lists
- Catchment areas

### Points of Interest

### Potential

### Competitive Intensity

### Classification of the municipalities

## By DETAIL

### Street and Building Number

- Lists of private citizens
- Lists of professionals
- Lists of firms
- Lists of Points of Sale
- Lists of Points of Interest
- Raster

### Street

- HERE and TOM TOM road graphs
- Road graph of shopping streets and districts

### Census Areas

- POLIS socio-demographic segmentation
- Movers
- Resident and working population
- Population demography
- Income and consumption rates
- Savings and investments
- Financial behaviours
- Firm demography
- Competitive intensity
- Potential
- Boundaries

### Municipality / Postal Code

- Buildings
- Vehicles
- Classification of the municipalities

### Further geographical categorisations

- Catchment areas

## By TYPE

### Contact lists

- Lists of private citizens
- Lists of professionals
- Lists of firms
- Lists of Points of Sale
- Lists of Points of Interest

### Statistical Data

- Movers
- Resident and working population
- Population demography
- Income and consumption rates
- Savings and investments
- Financial behaviours
- Buildings
- Vehicles
- Firm demography
- Competitive intensity
- Trading areas
- Potential

### Classifications / Clusters

- POLIS socio-demographic segmentation
- Classification of the municipalities
- Shopping streets and districts

### Cartography

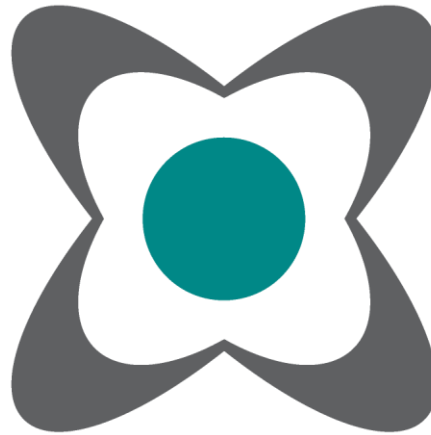
- HERE road graph
- TOM TOM road graph
- Borders
- Raster

To address these issues requires... VALUE LAB

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**BUSINESS CAPABILITIES**

**ENABLING TECHNOLOGIES**



**ANALYTICAL MODELS**

**DATA**

**THANK YOU !**



**MARCO SANTAMBROGIO**

[marco.santambrogio@valuelab.it](mailto:marco.santambrogio@valuelab.it)

*Mobile: +39-335 6267423*

Piazza Diaz, 2 -- 20123 -- MILANO -- ITALY

Tel : +39-027788931 -- Fax : +39-0276313384

[www.valuelab.it/en](http://www.valuelab.it/en) -- [valuelab@valuelab.it](mailto:valuelab@valuelab.it)