



# Capitalizing on Retail Disruption

Retailers Use Location Intelligence  
to Build Customer Engagement





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## Digital Transformation in Retail

Business goes through cycles of creative destruction and business evolves. Retailers that are unable to see threats or to strategically understand shifts in the market will not survive. However, those that are nimble—those that understand what is important and act quickly—not only survive but thrive.

News outlets continue to report the death of brick-and-mortar stores. The term *retail apocalypse* is being thrown around in the press. This is simply not true. The truth is, the retail industry is in disruption, and the rise of the empowered consumer is impacting every consumer-facing industry. But *disruption* does not equal *apocalypse*, and disruption in retail is not new.

The Sears catalog—with low prices and free shipping—disrupted Main Street shopping in the early 1900s. In the 1970s, Sam Walton built the most efficient supply chain in the world; passed those savings along to customers; and, in the process, became the largest retailer in the world. Amazon, in turn, brought that supply chain to the customer's front porch.



## Staying Competitive with Empowered Consumers

To build engagement and understand customers, you have to know who they are, what they want, and what's important to them. The good news is, there is a lot of data to aid in this understanding.

Unlike disruptions of the past, the disruption today isn't being driven by retailers—it's being driven by technology. At the core of this disruption lies a massive swing in the balance of power between retailers and their customers. In the past, businesses held all the cards, but today that power has shifted to the consumer.

Consumers have instant access to data about products and services from a global retail marketplace. Every strategy, every product, and every service can be compared and evaluated.



## Customers are empowered

With unprecedented transparency about price, quality, and service.

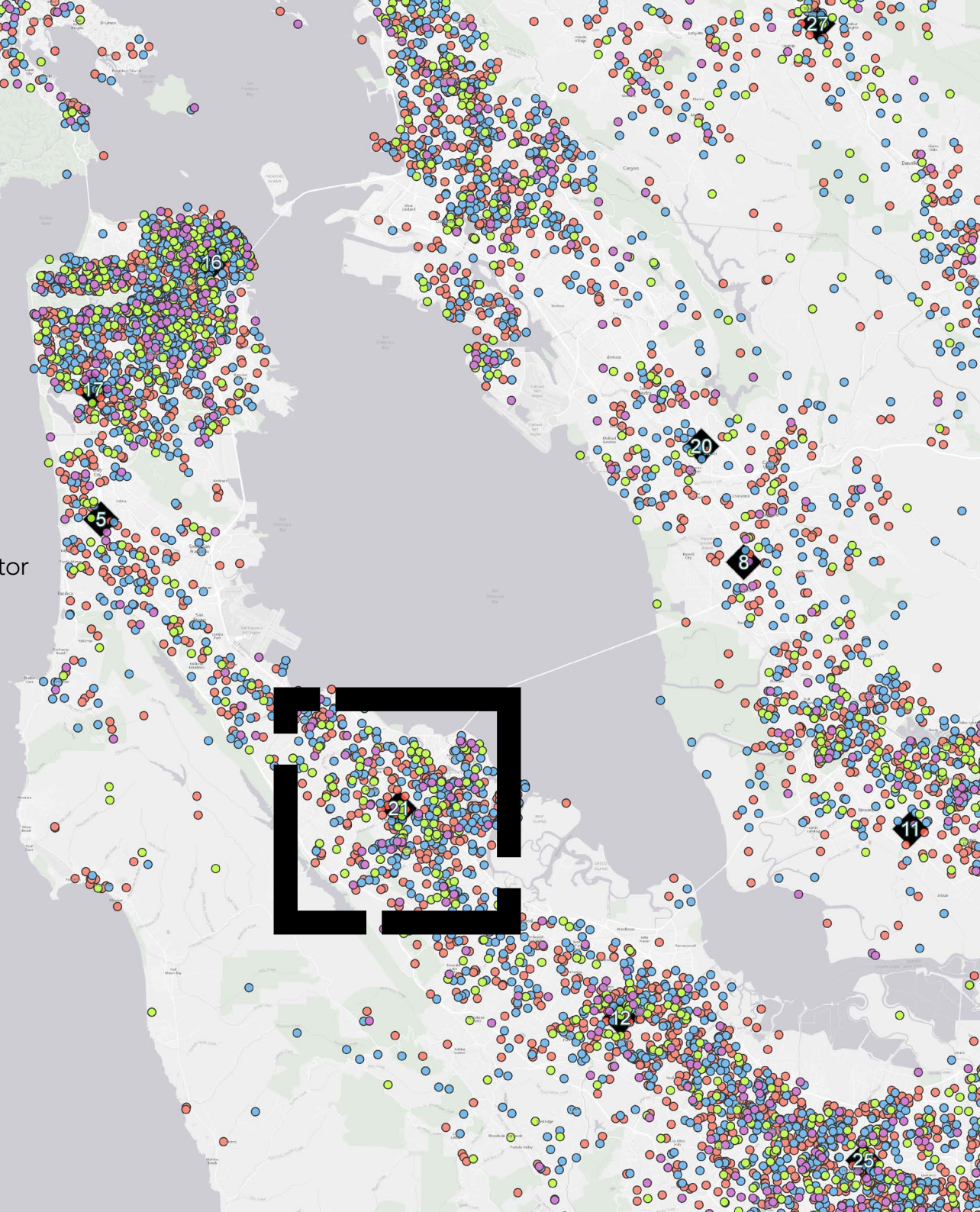
When a retailer puts something on sale, consumers can evaluate the offer and check to see if the competitor across the street has a better price, without their even leaving the store.

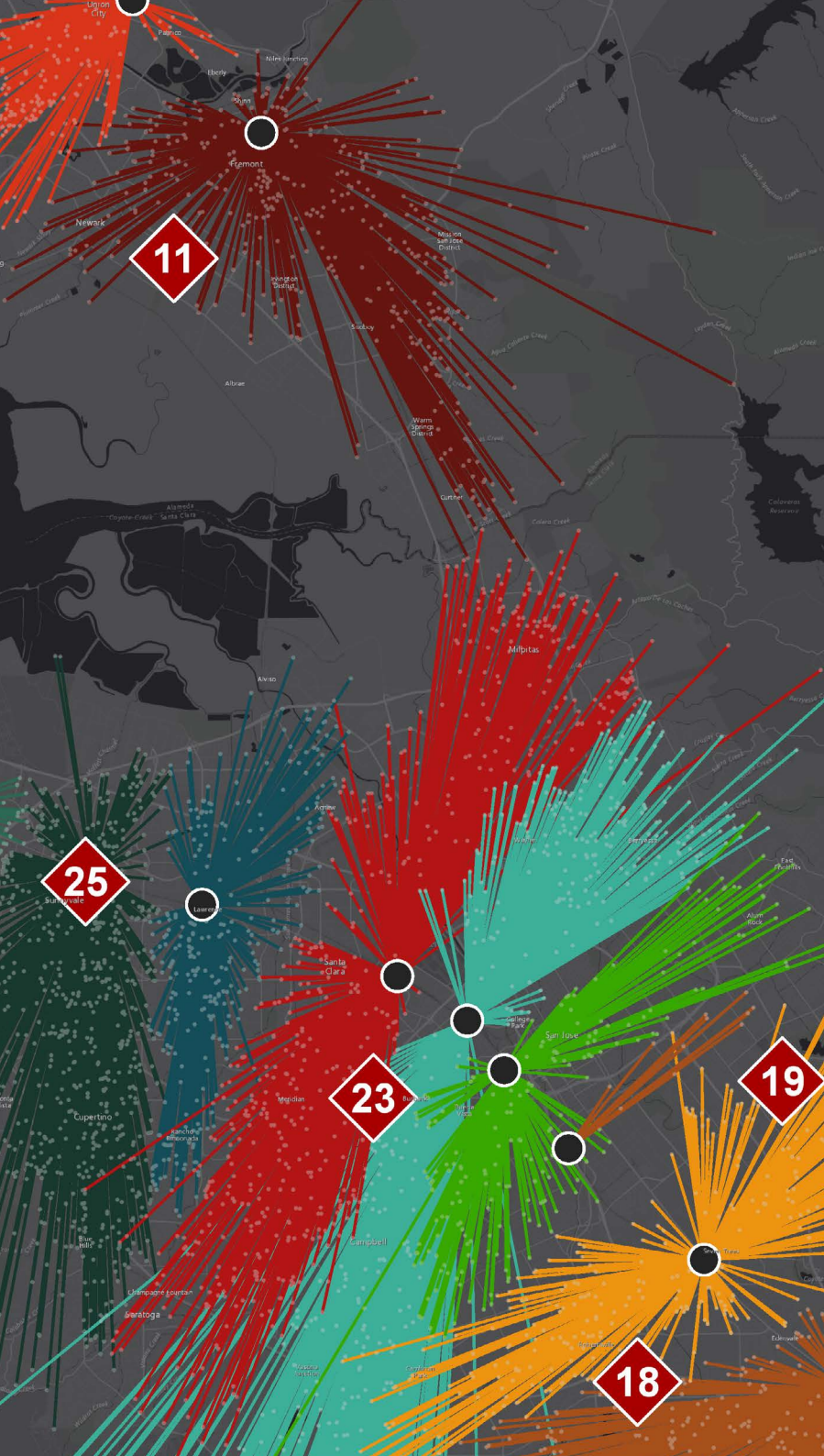
The ability to punish companies that do not deliver on promises.

Negative reviews and stories of bad experiences travel quickly on social media.

Collaborative consumption.

When people shop today, they bring along their friends through social media, consulting them to get feedback on products and reading reviews before making a purchase.





## Customer Centricity in the New Retail Landscape

It's more important than ever to be customer-centric, because competitors reach customers across channels with increasing velocity. Successful companies use data to maintain a very sharp focus on enhancing their value proposition.

Location data is critical to understanding customers and adding value to their retail experiences. Location intelligence and technology combine to reveal the insights retailers need to effectively engage with customers. Using location data supports the following:

### Building Brand Loyalty

Location-based insights show businesses how to be relevant, to offer people the products and services that matter to them. Delivering exceptional online and in-store experiences makes customers choose one retailer over another.



## Making Personalization a Priority

Personalization and localization help retailers meet and exceed customer expectations. It's important to ensure that when customers walk into a store, they see something they find interesting. That positive experience makes it harder for the competition to pull those customers away.

## Being Seamless Across Channels

Online, via a mobile app, and in stores, customers need to have one cohesive experience. Location intelligence enables retailers to understand how customers interact and buy across all retail channels, enabling a truly unified commerce experience.



## Data Is the Fuel That Drives Engagement

Segmentation and personalization are among the most important capabilities retailers can use to build customer-centric strategies. Data-based insights amplify messaging and drive relevancy—from merchandising all the way through pricing, advertising, and marketing.

As customers interact with stores and products, they leave a digital trail. That data provides retailers with a greater understanding of who customers are, including their personal preferences. Aggregating the data helps retailers find statistically significant groups of people within populations who behave in a similar way, and it supports critical segmentation and personalization.

Data is the fuel that drives customer engagement. Retailers have a tremendous amount of data at their disposal. Getting to actionable insights quickly is essential to managing the retail disruption.



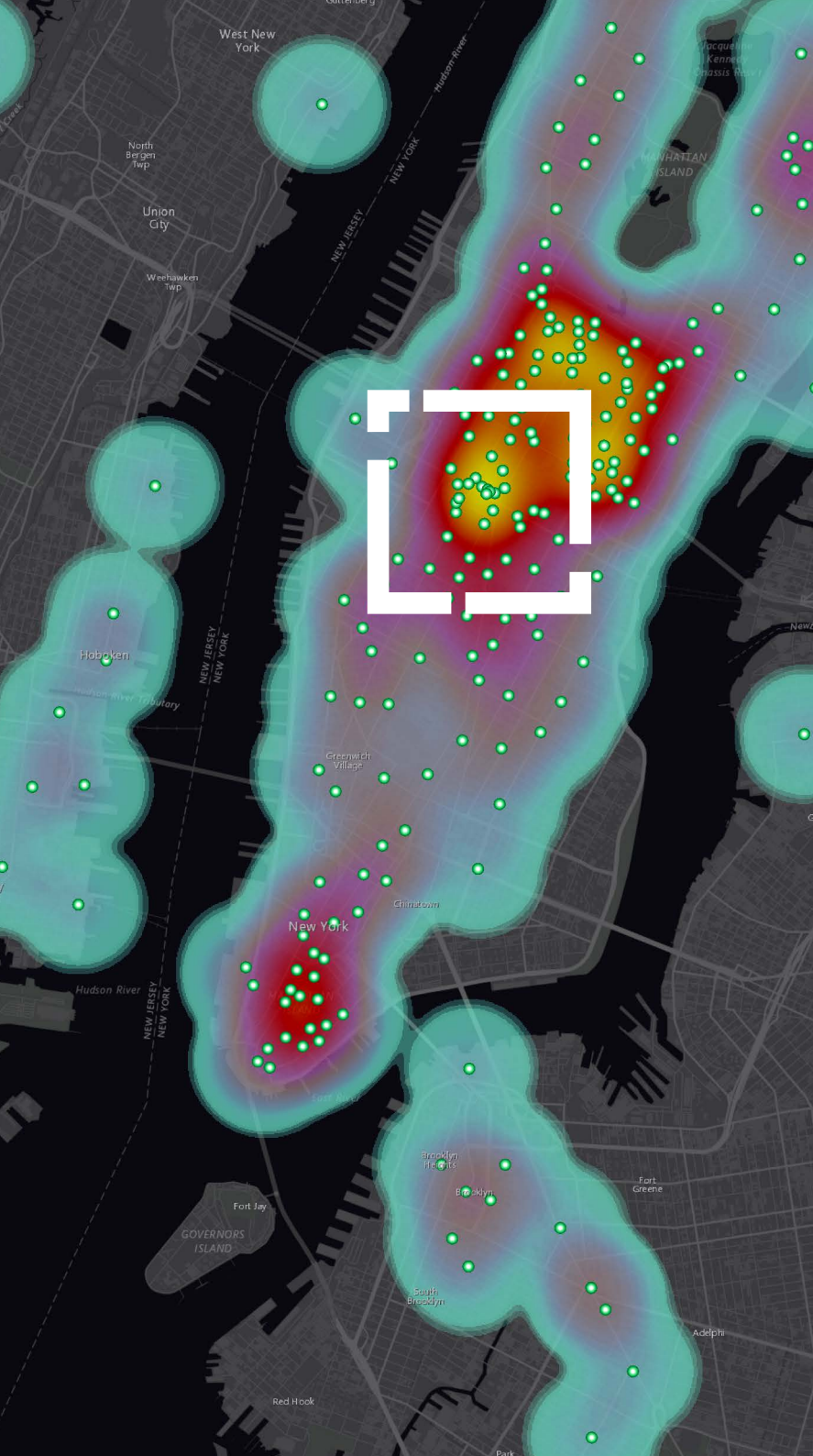


## Location Brings Data Together

Location is critical to an enterprise data strategy. Location provides a common data point that allows retailers to join disparate data sources, unlocking new insights about customers and how they interact with the retailer. Geography helps retailers understand why things happen where they do.

All the data that retailers use—such as income, consumer sentiment, footfall traffic, and demographics—is geographic in nature. Being able to tie business activities to locations—from purchases to deliveries—allows retailers to understand why things happen in specific places.





# Insights Are Uniquely Tied to Location

Location-based technology provides insights that retailers can't find anywhere else. It allows the interrogation of structured and unstructured data about customer interactions with retailers across channels. Smart maps show where people work and play, where they travel, and what their priorities are. That data is critical to strengthening customer engagement.

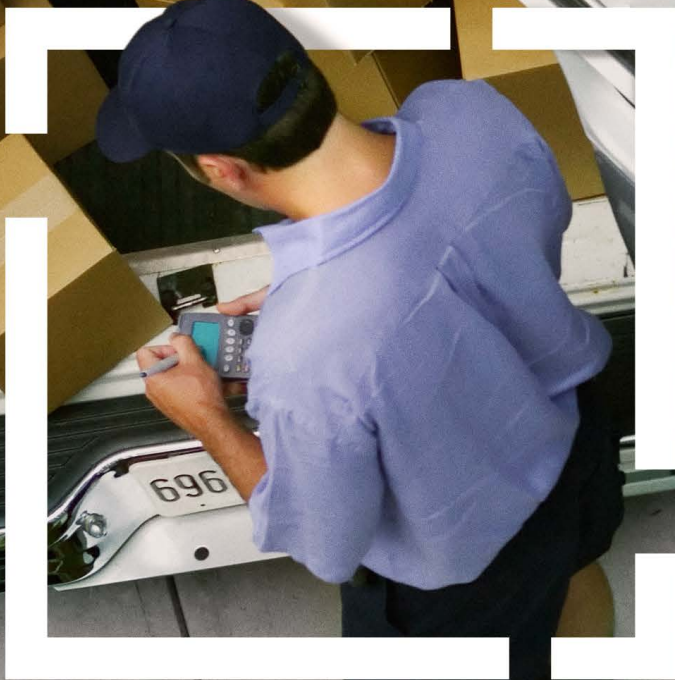
There are four advantages to using location-based technology:

## 1. Gaining Insights from Big Data

Bringing together huge datasets from disparate sources can reveal previously unseen spatial relationships, like how many customers live in the trade area of a given store, how many customers live in the same neighborhood, how far they have to travel, and the characteristics of shoppers in areas where products sell better.

## 2. Understanding Customers Better

Segmentation shows customers' paths to purchase. This isn't just at the macro level—on-premises analysis can show how customers move inside the store, where they linger, and how they react to merchandise and store design.

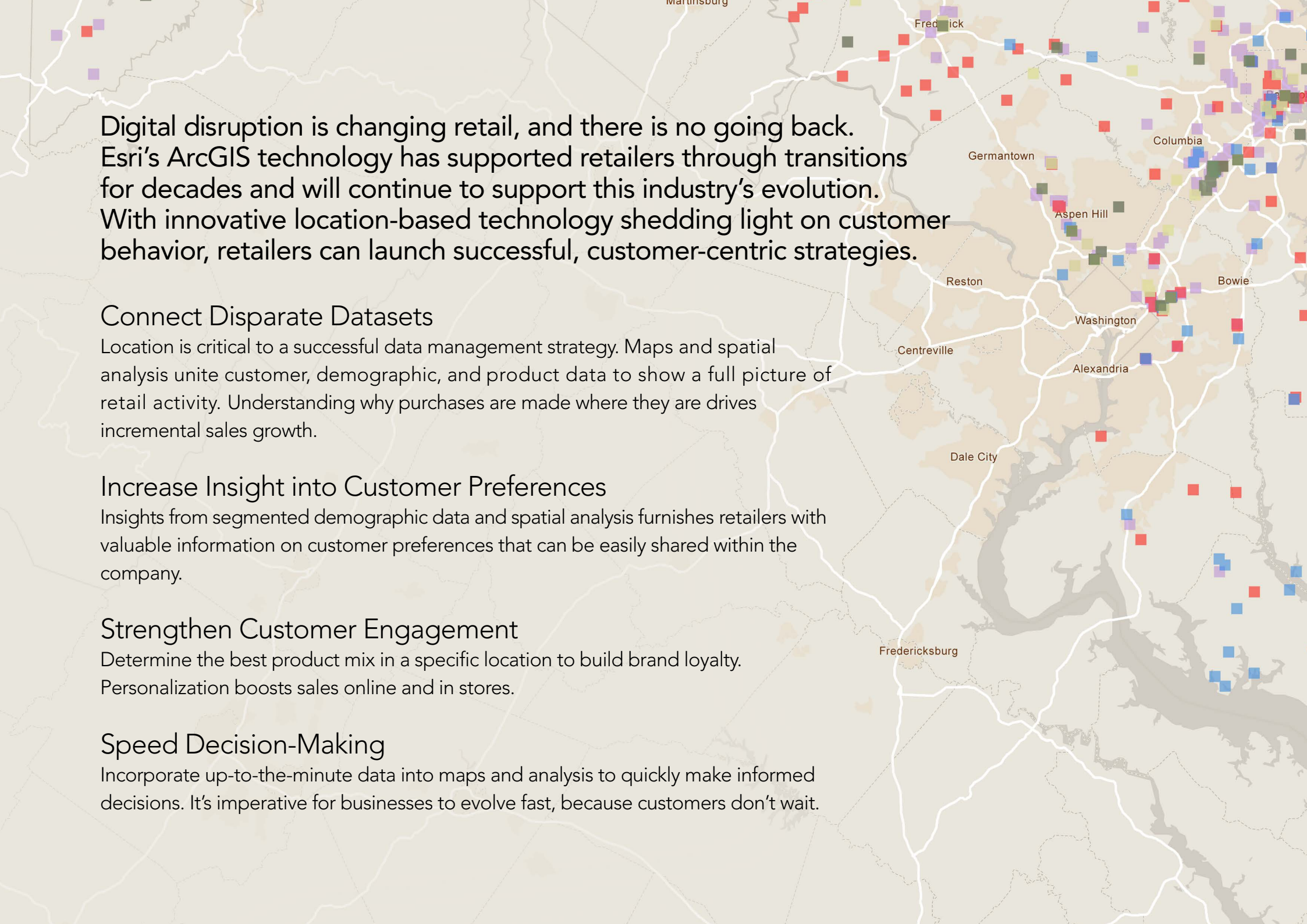


### 3. Reaching More Customers

Finding concentrations of ideal customers in specific markets drives target marketing. Developing precise routes for deliveries makes reliable home delivery possible. Knowing where customers spend time while shopping makes in-store marketing more potent.

### 4. Making Faster Decisions

Mapping is the ultimate visualization tool. Retailers can use maps to present data so that everyone in the organization can understand it quickly. Correlation analysis addresses questions of how to increase sales in one place and then extends best practices to another area. Modeling helps predict outcomes based on what is currently happening in a given location.



Digital disruption is changing retail, and there is no going back. Esri's ArcGIS technology has supported retailers through transitions for decades and will continue to support this industry's evolution. With innovative location-based technology shedding light on customer behavior, retailers can launch successful, customer-centric strategies.

### Connect Disparate Datasets

Location is critical to a successful data management strategy. Maps and spatial analysis unite customer, demographic, and product data to show a full picture of retail activity. Understanding why purchases are made where they are drives incremental sales growth.

### Increase Insight into Customer Preferences

Insights from segmented demographic data and spatial analysis furnishes retailers with valuable information on customer preferences that can be easily shared within the company.

### Strengthen Customer Engagement

Determine the best product mix in a specific location to build brand loyalty. Personalization boosts sales online and in stores.

### Speed Decision-Making

Incorporate up-to-the-minute data into maps and analysis to quickly make informed decisions. It's imperative for businesses to evolve fast, because customers don't wait.



## About Esri

Esri, the global market leader in geographic information system (GIS) software, offers the most powerful mapping and spatial analytics technology available. Since 1969, Esri has helped customers unlock the full potential of data to improve operational and business results. Today, Esri software is deployed in more than 350,000 organizations including the world's largest cities, most national governments, 75 percent of Fortune 500 companies, and more than 7,000 colleges and universities. Esri engineers the most advanced solutions for digital transformation, the Internet of Things (IoT), and location analytics to inform the most authoritative maps in the world. Visit us at [esri.com](https://www.esri.com).

Esri supports retailers with location-driven insights, skills, knowledge, and resources for the following:

- Market Planning/Site Selection
- Merchandising
- Business Intelligence
- Store Operations

Esri can help you drive incremental sales growth and build greater precision in your decision-making and core operations through the use of smart mapping, spatial analytics, and real-time data.

**For more information, please visit [esri.com/retail](https://www.esri.com/retail)**

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