

CASE STUDY:

Location, Location, Location: In retail, location is everything!

How Gateway is helping restaurant chains identify prime locations for expansion

The Challenge to Expand

Food companies often come to Cobena to help them find an effective, efficient way of identifying their next branch location. While historically, food outlets gravitate towards malls or where their competitors are already located, the increasing cost of failure (increasing rent, upfront capital expenditure requirements in setting up a store) is driving organizations to mitigate their risk through the use of data analytics.

The Cobena solution:

In an extremely competitive retail environment, Cobena helps clients identify blue oceans, red oceans and prime locations:

- *Blue oceans:* Attractive areas where there is demand but there are none or very few competitors
- *Red oceans:* Attractive areas where there are lots of competitors, but there is still underserved demand
- *Prime locations:* Locations that are "identical" to where the client's existing business is already doing very well

Through the use of geospatial analytics: vast layers of data and over 160,000 points of interest (sources of existing or potential demand), Cobena creates machine learning models that help clients locate the "best fit" for their expansion strategy. Typically, this involves having Cobena understand the "gut feel" decision making approach of clients and converting these into algorithms powered by artificial intelligence to come up with the best site options. Each site is then graded according to the likelihood of success and the potential sales that can be generated. This provides an objective measure to the client when choosing which expansion areas to prioritize.

Establishing an objective criteria for an ideal site

It is no secret that some locations will often do better or worse than others, for a variety of reasons. And oftentimes, these reasons escape the naked eye. It is not unusual that clients have come to us with the question: why is it that similarly located branches perform differently?

By taking into account present and forecasted socioeconomic indicators, locations of key points of interest, sources of demand and supply, volume of traffic and level of competitive intensity, Cobena is able to provide guidance to our clients as to which factors define Best, Better and Bad locations for their business.



This has often resulted in “Eureka” moments for clients and saved them from investing further in sites that are not likely to turn a corner in performance; and allowing them instead to focus on those poised for success, but are just taking a little bit longer.

Identified potential sites for new branches

Cobena’s Gateway has been used for over 30 projects in the past 2.5 years, predicting the best locations for various businesses: restaurants, service stations, schools, condominiums, hospitals, retail outlets, malls, BPOs and many more.