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***How data revolution is shaping
retail networks today***
Esri User Conference 2016

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..... **Data revolution is here!**

What does it mean?

Did you know...

Due to the lack of **analytical skills** companies analyse only

12% of data

Over **80%** of data in enterprise consists of **unstructured data**

Every year data volumes explode

by **40%**

Poor data can cost businesses

20%-35% of their operating revenue

Big Data investments accounted for nearly **\$40 billion** in 2015 alone

..... **Data revolution**

How does it affect retail networks?

Retail Network challenges of today



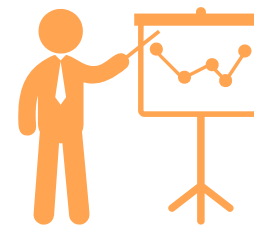
Finding white spots/not covered micromarkets on saturated market to continue network expansion



Choosing good locations, ensuring profitability of new shops, when the most obvious locations are already covered



Focusing the expansion team's efforts on the most attractive areas, to ensure cost efficient expansion process



Improving the results of existing shops by concentrating the efforts on shops performing under their location potential, while taking into consideration diversified demand and fierce competition



Choosing poor performing shops to be closed as well as those which have potential to improve results and identifying main triggers of this improvements

..... **Data revolution**

How to make the most of it?

1

Put it all together

Typical approach....

Focus only on **geospatial factors** or only on **internal factors**



Geodata on **one, high level of granularity** (zip-codes, municipalities)



Static data



Focus on **clients' locations, own branches** and **competition locations**



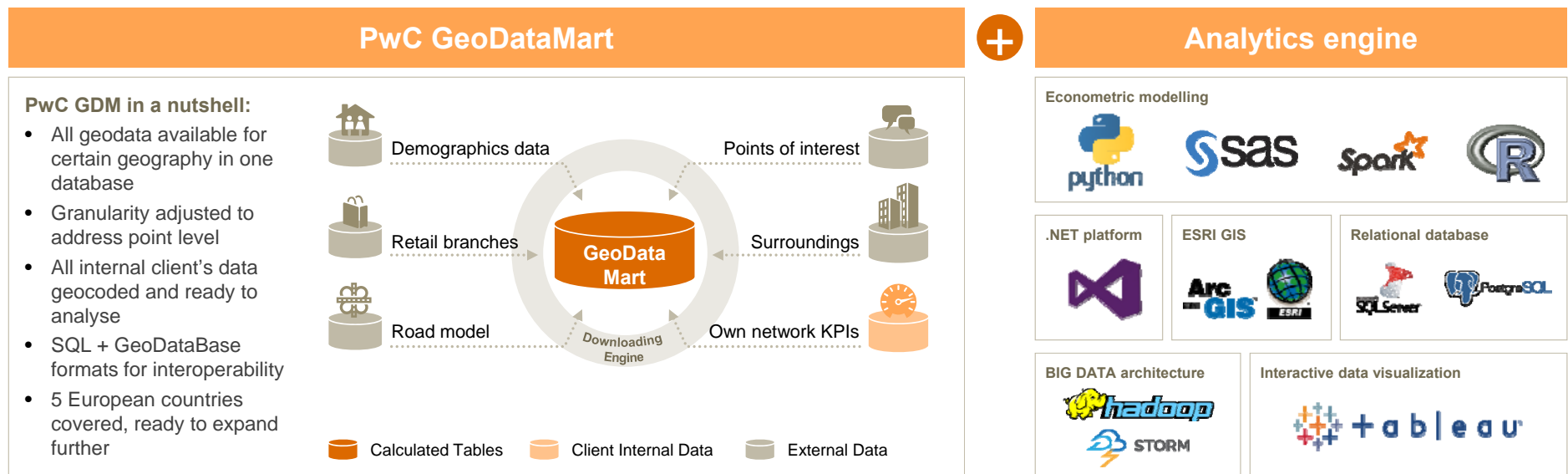
Visual analysis of maps



GIS software as **the only tool**



...our approach is different



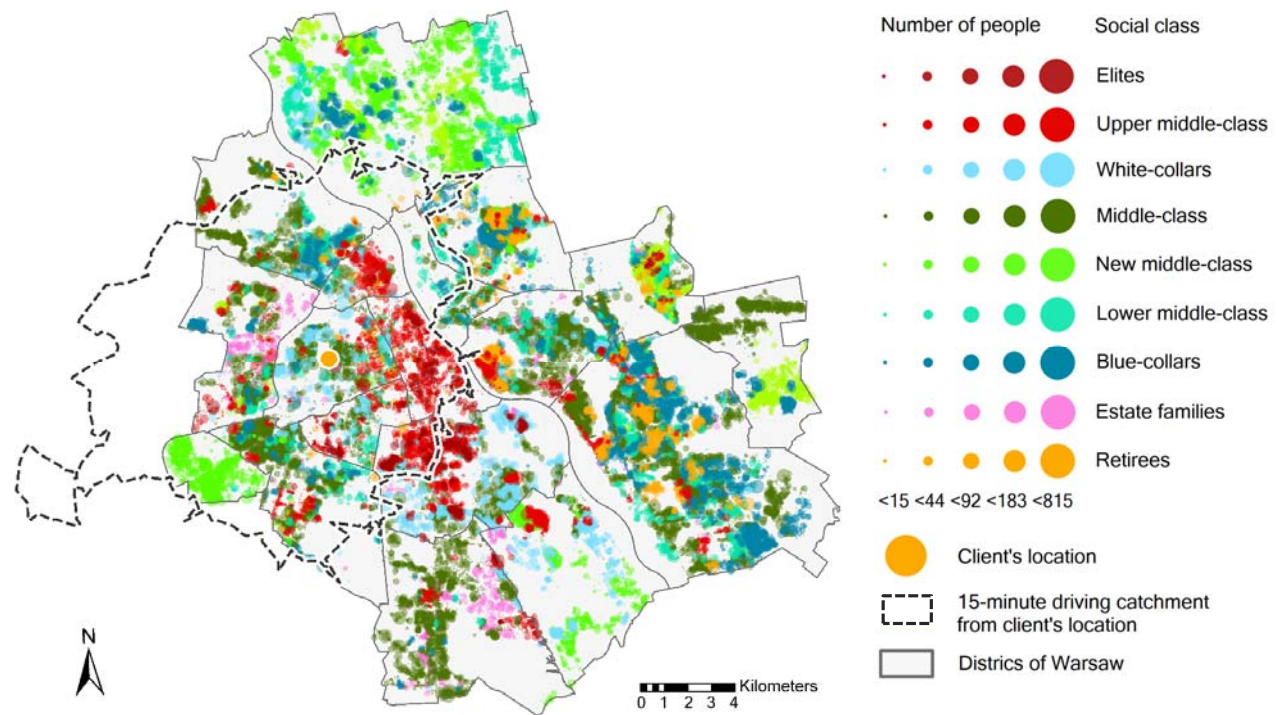
Accurate geospatial data and deep retail business knowledge combined with an analytical powerhouse is the base of our methodology

2

**Get to know existing
and potential
customers**

- Mapping customers and their behaviour to **determine catchment area** of point of sale
- Profiling of existing customers to perform **customer segmentation**
- Identifying **prospective clients clusters** on the map by locating population with appropriate demographic parameters
- Mapping competitors to define **geographically coherent micromarkets**

We divide geography into micromarkets, we map existing customers and identify prospects



3

**Understand threats,
success and failure factors
of existing points of sales**

Examples of internal drivers:

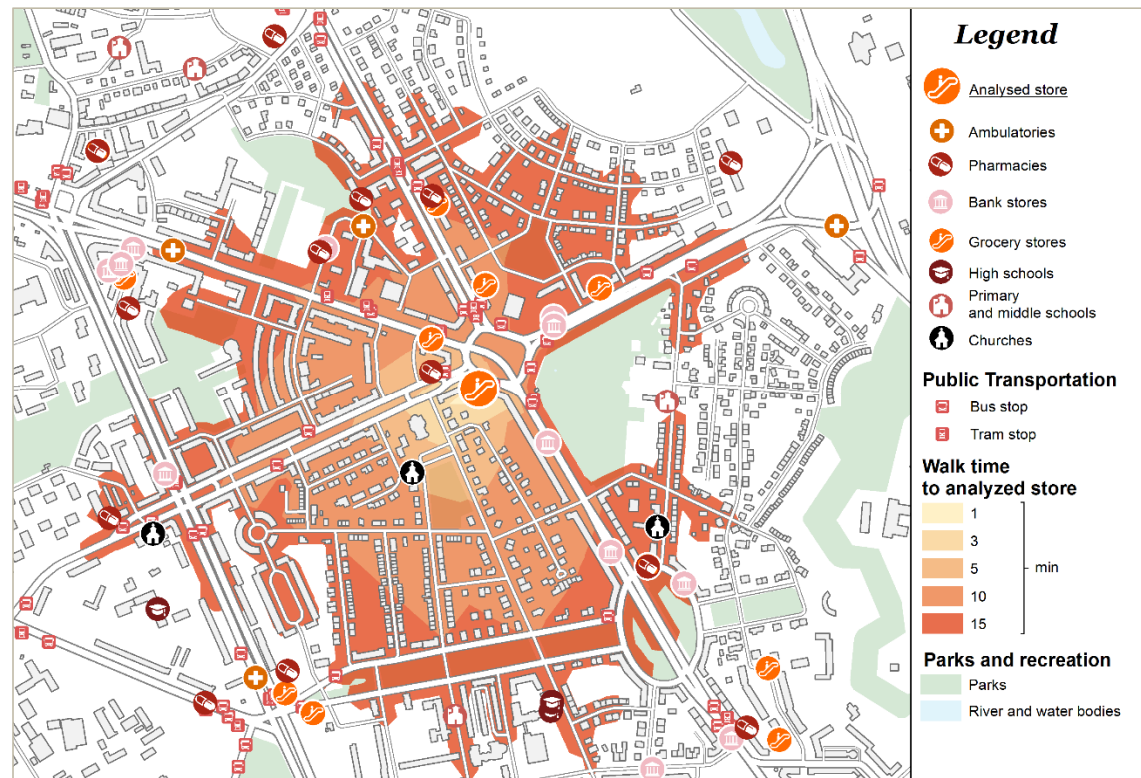
- Historical sales per SKU
- Number of counters
- Employees characteristics
- Assortment
- Historical CAPEX

Examples of external drivers:

- Competitor A within 200m
- Churches in 1km radius
- Drive times in rush hours
- Purchasing power in catchment
- +65 population in micromarket

On recent project we tested over 600 hypotheses

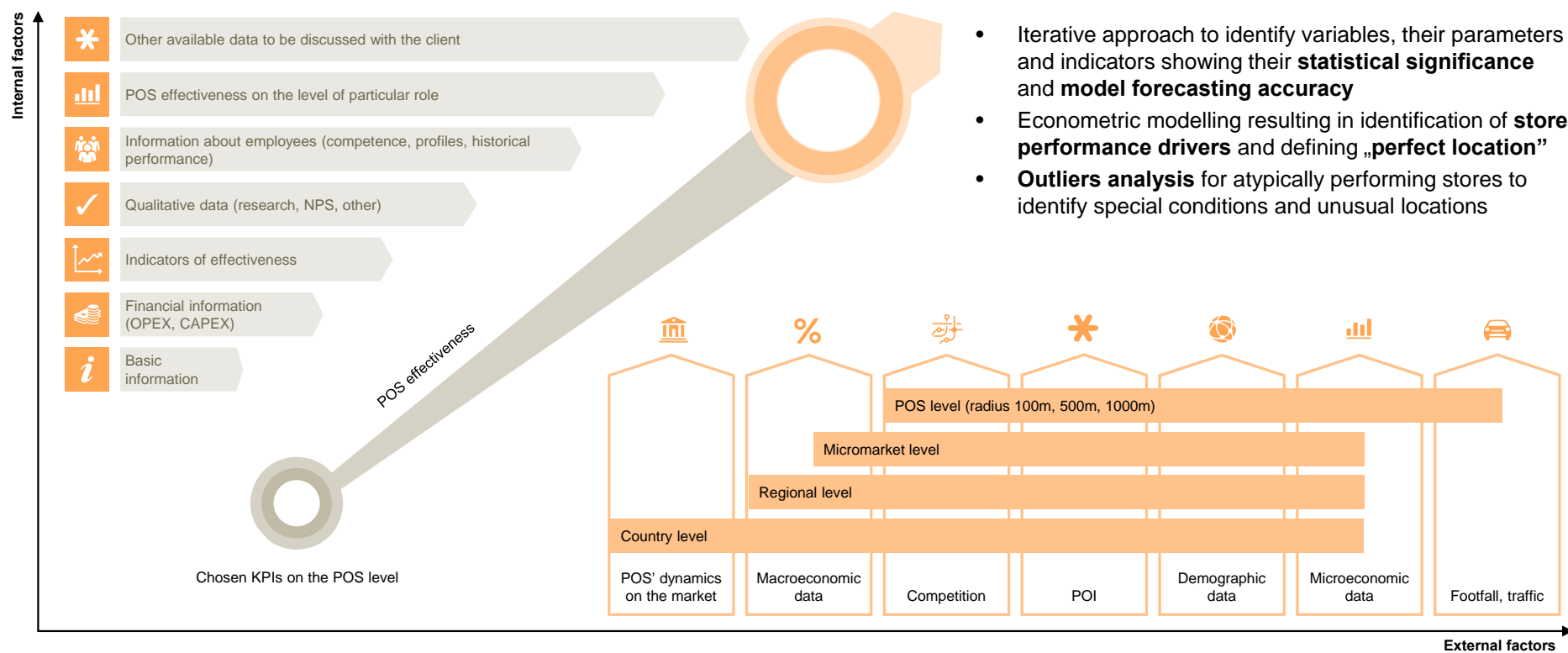
We take a deep dive into historical data of the chain in geospatial context to list performance drivers



4

**Discover & quantify
the impact of all
drivers on the network**

We quantify all drivers and micromarkets characteristics and design an econometrical model



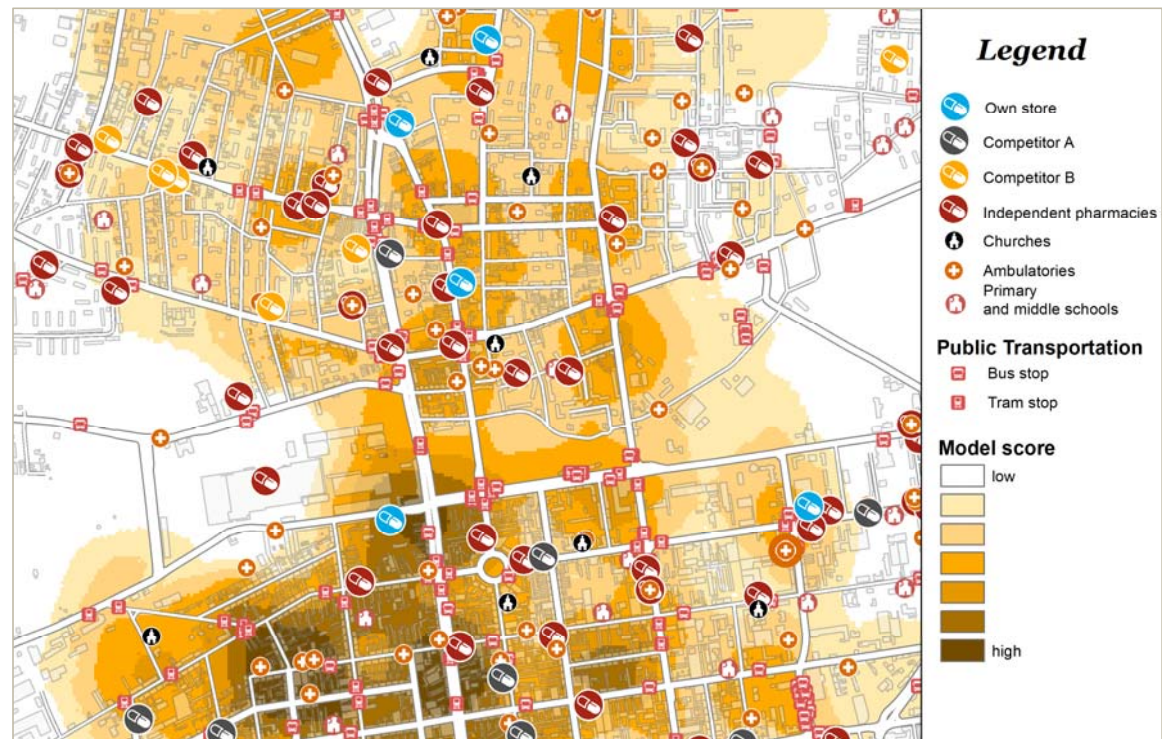
5

**Get a clear, visualized
solution on what to do next**

Examples of supporting tools

- Scoring cards for the branch network (every region, every branch)
- Optimal locations model (heat map)
- Client segments location tool (demographic tapestry)
- Network performance monitoring dashboard
- Competitors expansion scenario simulator
- Micromarket sales potential measurement tool

We design strategy for the chain base on our model and create geospatial tools to support implementation

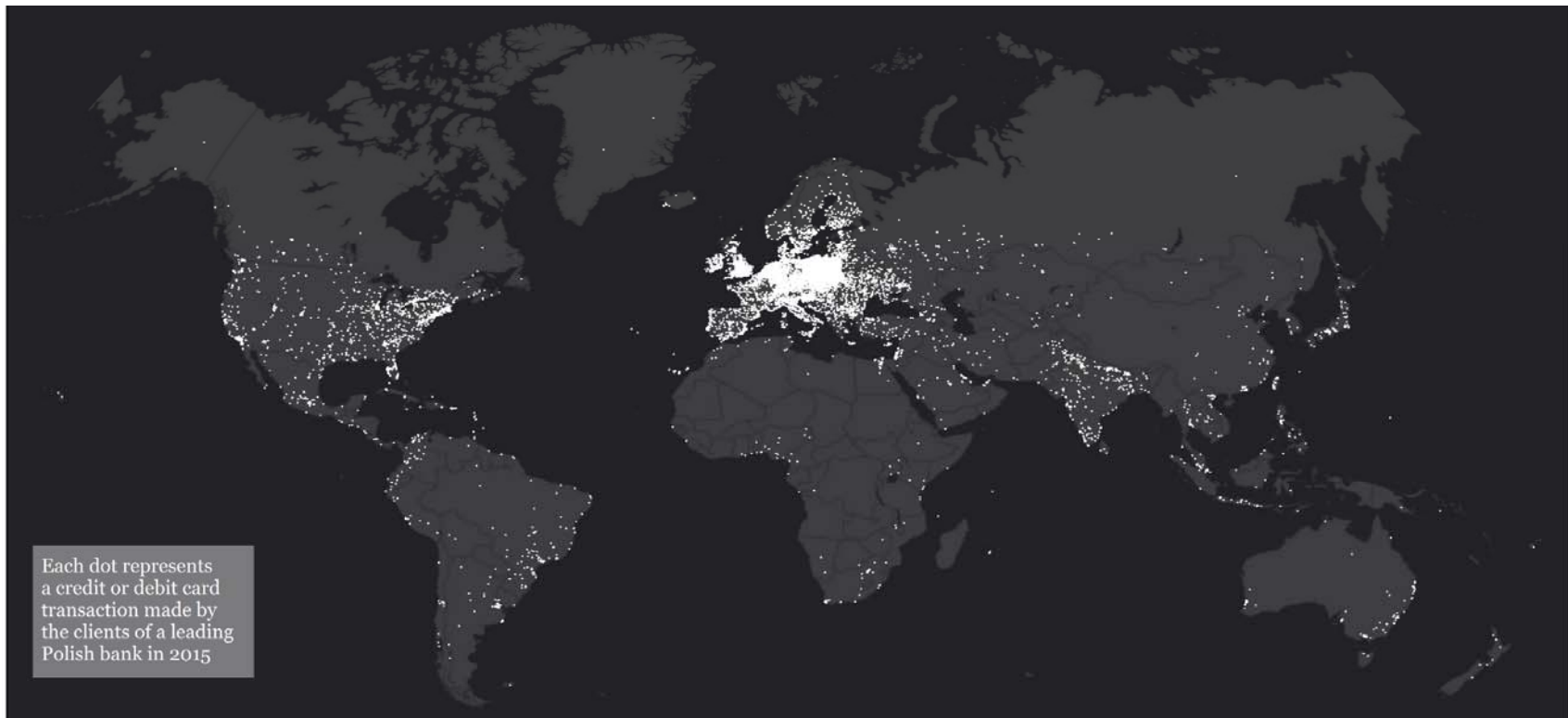




Case study

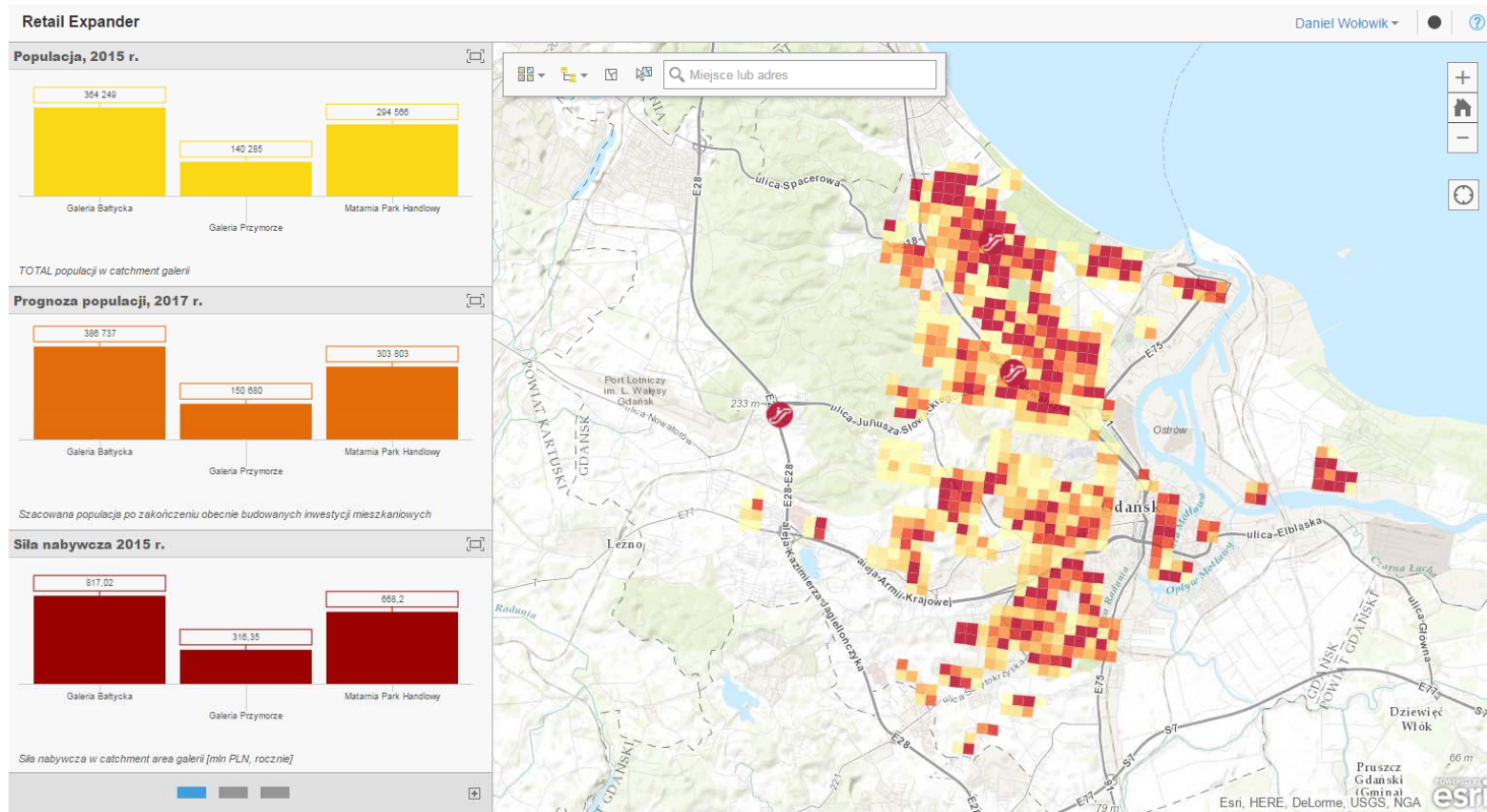
Case 1

Card transactions of Polish bank's clients in 2015



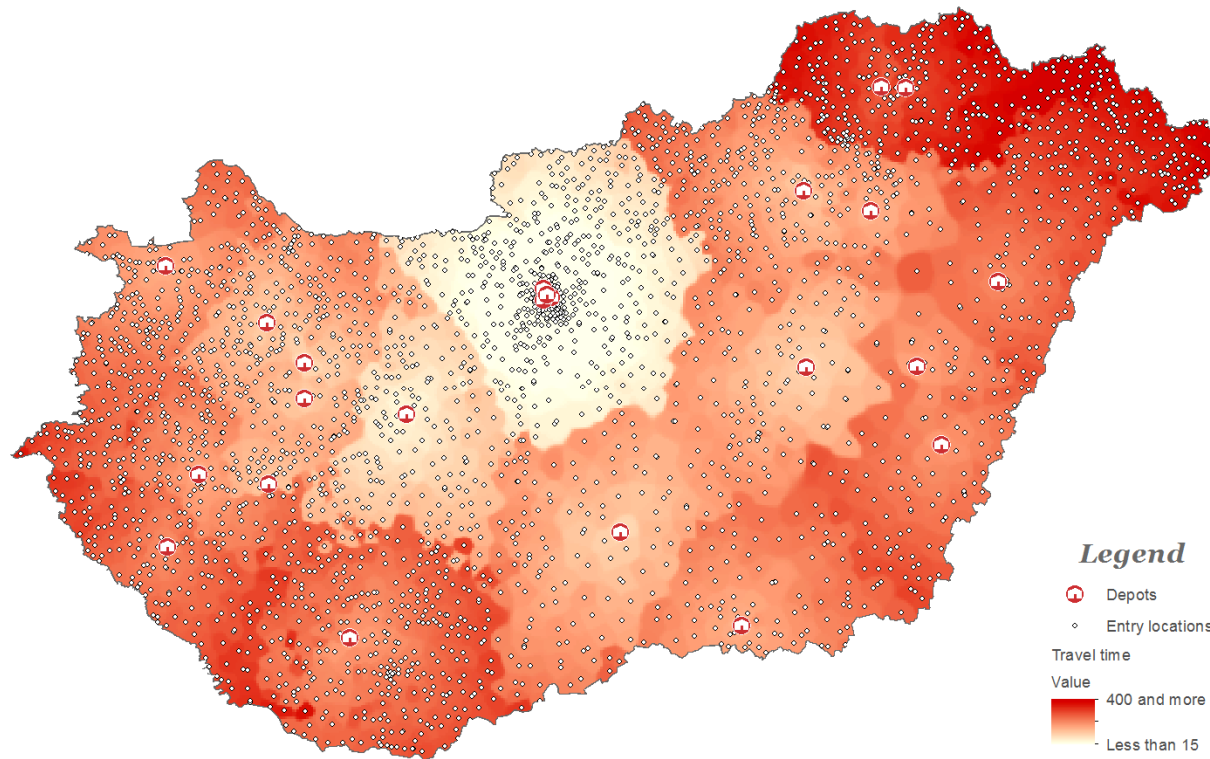
Case 2

Real shopping gallery catchment area model, based on clients distribution



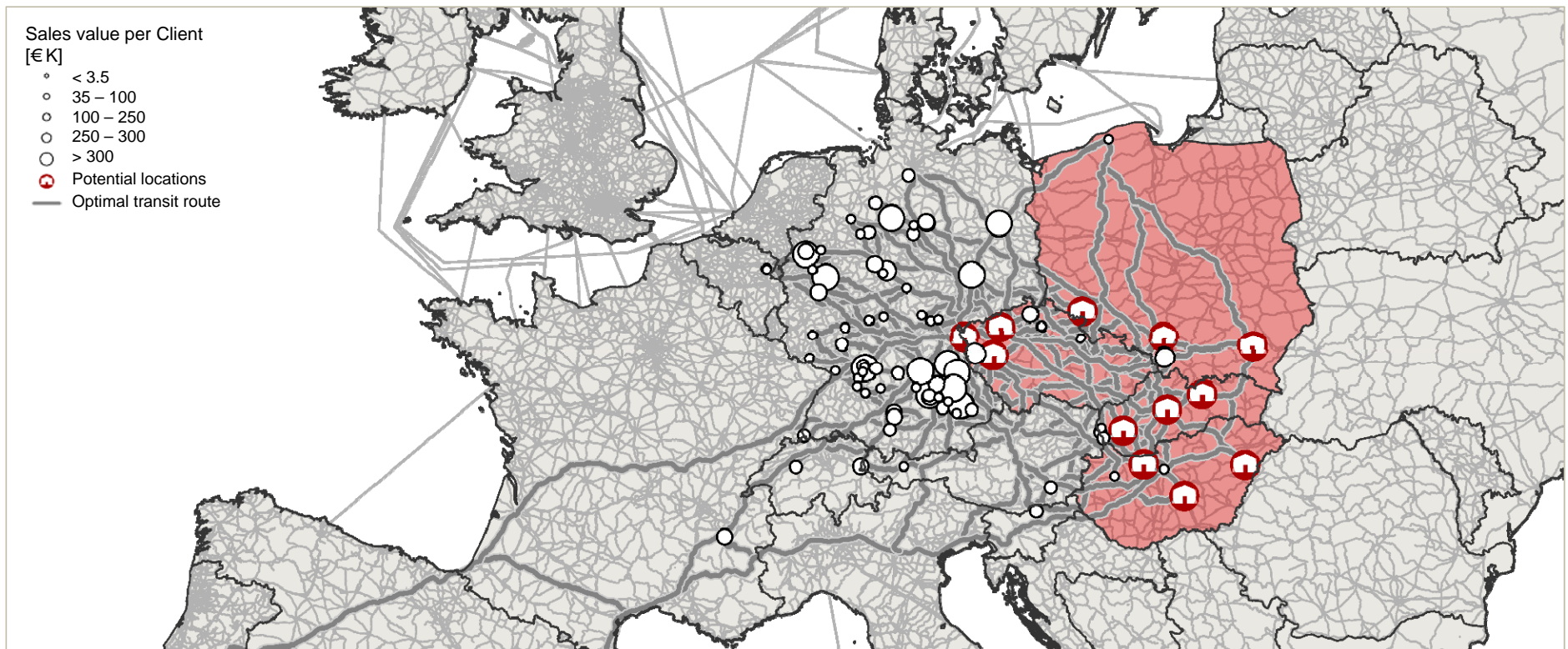
Case 3

Postage delivery times from clients to central depot



Case 4

New production facility scenario analysis



Questions?



Thank you!



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