GEOMARKETING IN PRACTICE

Success through regional market management
Dear reader,

Geomarketing is more important than ever. In today’s global markets, it’s vital to quickly take advantage of any open niches and stay one step ahead of competitors. Managing markets efficiently and tapping new potential are the keys to boosting turnover.

This is exactly what a geomarketing approach allows you to do. Companies of all branches across both the B2B and B2C sectors can profit from a geomarketing approach to sales, marketing and expansion planning.

This e-book gives you all the details you need to get started, with reference to practice-based applications of geomarketing in sales, marketing and expansion planning. The publication describes the methodology in very clear terms and offers tips and checklists so you can start enjoying the benefits of geomarketing.

We wish you a pleasant read and much success with geomarketing!

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Doris Steffen
Head of Direct Sales | GfK, Geomarketing
1. WHAT IS GEOMARKETING?
SALES POTENTIAL VARIES WIDELY FROM REGION TO REGION

*Geomarketing organizes and brings together disparate information on regional markets. This makes it possible to more efficiently manage your operations, increase your market penetration and make more informed location decisions.*

Success requires paying attention to regional market characteristics. Resources can be conserved by focusing efforts on regions with high potential. This allows sales, marketing and expansion plans to proceed more efficiently and helps companies tap new potential.

A geomarketing approach is the key to sustainable success in all branches: The resulting objectivity leads to more informed business decisions and transparency amidst today’s complex markets.

*Geomarketing is also simple and straightforward, requiring only the following components:*

- Regionalized data on sales potential
- Geomarketing software for visualizing and analyzing data
- Digital maps for the relevant regional levels
Knowledge of locations, statistical methods, planning approaches and associated branches is also important.

The fundamentals of geomarketing can be learned in just one day. You can access the most important information and links to additional information in this e-book.
GEOMARKETING: SAVE MONEY AND TAP NEW POTENTIAL

Advantages of a geomarketing approach:

» Speed & transparency
» Efficiency and savings
» Location of new potential
» Effective management and controlling tool
» Overview of entire market and close-up of specific areas
» Worldwide applicability

APPLICATIONS

Market analysis — Risk analysis
Sales territory planning — External sales force management
Target group localization
Turnover planning
 Territory reporting — Customer analysis
Competitor analysis
Location analysis and planning
Cost optimization — Direct marketing
Branch network optimization
2. SALES TERRITORY PLANNING
WHAT IS SALES TERRITORY PLANNING?

Sales territory planning refers to the regular evaluation of sales territory efficiency and the fair distribution of workload and potential among the responsible external sales force members. Sales territories must offer gapless, overlap-free coverage of the market. In other words, every market region should be assigned to a sales employee. But it’s important to bear in mind that potential and geographic characteristics vary widely from region to region. Good market management requires paying close attention to these differences.

Regional factors that impact the cost effectiveness of the external sales force:

» Variations in sales territory size, differing driving time requirements
» Structural layout of the territories (compact vs. elongated)
» Accessibility and transport connections
» Regional characteristics, such as typical duration of a customer visit
» Geographic barriers such as rivers and mountain ranges
**Internal factors** that impact the efficiency of your market operations:

- Employee dissatisfaction over unfair distribution of workload and potential (e.g., distribution of existing vs. new customers)
- Poaching in a foreign territory due to unclear territory assignments
- Suboptimal, historically evolved customer-representative assignments, increased travel time
- Uncertainty regarding total market potential and degree of market exploitation in individual regions
- Unrealistic growth targets that haven’t been adjusted to actual potential in each territory

It’s an art to bring all these factors into harmony such that external sales force members feel that they are working together rather than against one another. This is thankfully easy to do with a geomarketing approach and tools such as sales territory planning software along with data on regional market potential. Geomarketing can also tremendously boost efficiency and effectiveness, leading to transparency and more savvy decisions.
ADVANTAGES OF A DIGITAL MEDIUM

In the past, sales territory planning involved using large wall maps, pins and strings. This approach would take weeks and presented significant difficulties in terms of ensuring that the maps reflected the latest status. And planning parallel sales channels or multi-level hierarchies pushed this approach to its absolute limits.

Today, these tasks are best carried out with specialized software that lets you visualize the sales structure directly on digital maps, plan new optimized structures and perform fine-tuning measures. All results can be effortlessly communicated on a digital basis, which ensures employees are always kept informed.

Making use of employees’ experience and knowledge is essential in offering the best possible customer service. A digital basis of planning makes it possible to quickly plan balanced territories that are optimally structured with regard to accessibility and a fair distribution of customers, potential and workload. Users can also quickly develop alternative scenarios and immediately view the impact of any changes to territorial assignments directly on a map. These advantages increase the flexibility, level and precision of planning as well as the potential for agreement among all involved company departments and employees.

It’s important to remember that while powerful, geomarketing software is ultimately just a tool whose effectiveness depends upon the knowledge and expertise of the user.
The initial planning goal involves a detailed analysis of the existing structure, including its strengths and weaknesses. Companies must take care to precisely define the central goal, such as saving money through greater efficiency (e.g., reduced travel times, greater concentration on key customers) or increased turnover, more market share or a strategic positioning of the company’s presence in certain regions.

The next steps are then oriented according to the chosen planning goal. Depending on the goal, minor to all-encompassing changes must then be made to the existing structure. Possible steps include:

- Territorial reform of an existing structure
- Reduction or expansion of the external sales force, or
- Design of a completely new territory structure

The factors that impact success can then be fairly distributed among the new or restructured sales territories. The most important optimization criteria along these lines are:

- Turnover
- Workload (e.g., travel routes, number of customers)
- Market potential

It’s a common practice to use existing turnover figures as an optimization criterion, but this is not optimal, as this approach doesn’t tap unused market potential.

In addition to the optimization criteria that must be simultaneously taken into account and weighted (see chapter 6), numerous limiting factors must also be considered. These include existing customer-representative relationships, employees’ places of residence, natural boundaries such as rivers and mountain ranges as well as linguistic boundaries, etc.
Planning basis:
Another important choice involves the choice of regional level to be used as the planning basis. The maps used should provide detailed, comprehensive coverage of the selected regional boundaries in order to facilitate the creation of external sales force territories from the regional boundaries.

Postcode maps are ideal, because these offer comprehensive coverage in almost all countries. This regional level also has advantages when it comes to structuring external sales force territories: The most detailed postal level in cities is usually very granular, while the postal levels in more rural areas are less detailed. The granularity of the boundaries thus approximately correlates with population density and as such is a good point of reference for fairly distributing workload according to travel requirements and the number of customers. As every address includes a postcode, it’s very easy to link data such as customers’ places of residence, turnover and representative assignments with the corresponding postal regions.

Efficiency and turnover can be increased by restructuring sales territories according to accessibility and optimal customer distribution.
AVOIDING PITFALLS AND STUMBLING BLOCKS

Some of the most challenging barriers to restructuring sales territories are an over-attachment to the status quo, individual privileges, general fear of change or loss of turnover during the transitional phase and fragmented communication. All of these potential stumbling blocks are closely related and can thankfully be easily avoided by adopting a transparent planning process.

The objective and easily reproducible results of a planning software as well as the support of an experienced, external consultant are essential in this regard. The latter can anticipate any problems, address them immediately and present a well-informed argument for the agreed-upon changes.

The best arguments for a sales territory restructuring include greater fairness, insight into the amount of available regional market potential through map analyses and reports and realistic, motivating growth targets for employees.
CHECKLIST AND WEB LINK

Have the following points been addressed?

» Planning goals
» Planning criteria
» Project manager / those involved / external consultant
» Planning tool
» Consistent and comprehensive preparation of the company data
» Data on market potential
» Time frame

3. MARKETING CONTROLLING
FROM ABSTRACT STATISTICS TO CONCRETE LOCATIONS: PINPOINTING TARGET GROUPS

Female customers, 30-45 years old, with children and a monthly net income between €1,500 and 2,000. Most companies have a clear idea of the target group to whom their products are oriented. But where exactly these target group members can be found is often unknown. It’s essential to get clarity on this point in order to answer key marketing questions:

» In which regions can new customers be acquired?
» How can wasted resources be avoided in direct marketing campaigns?
» For which customers are additional actions worthwhile, such as product samples?
» Where should advertisements be positioned?
» Where are good locations for placards?

Geomarketing analyses visualize the distribution of customers and target groups on maps. This is done by using a geomarketing software to combine a company’s own data with regionalized target group data on socio-demographics, purchasing power, income and lifestyle orientations and then evaluating the results region by region.
GEOMARKETING ANALYSES REVEAL IMPORTANT INSIGHTS THAT GUIDE MARKETING ENDEAVORS:

**Market exploitation**
An analysis of the turnover potential for your offering reveals how much turnover is possible. Because a geomarketing approach delivers insights on a regional basis, it allows you to determine your potential for your catchment areas and sales territories. By comparing this information with your turnover data, you can determine your market exploitation and objectively evaluate your performance across the entire market. These results can vary widely from region to region. You can tap new potential by targeting actions directly in regions with the highest available potential.

**Customer distribution**
A customer database contains innumerable data entries that include customer addresses, completed purchases, assignments to branch sites or service areas and much more. A geomarketing approach lets you quickly evaluate and extract insights from this large quantity of information. By visualizing this information on digital maps, you can immediately spot areas where customers are concentrated as well as regions with only small numbers of high-turnover customers.

**New customer potential**
A comparison of the data on potential with your current customer distribution also reveals gaps in your market operations, such as regions in which you have high potential, but only a small number of customers. This approach also highlights regions in which you already have a strong customer base. Use this information to tailor marketing actions according to the characteristics of each region. Geomarketing thus allows you to take a more targeted and intelligent approach to campaign planning.
Advertisements sent by post are often a big drain on marketing budgets. The time and cost investment to create, print and post these items requires significant resources. It's therefore vital that each advertisement ends up at the right place. Geomarketing lets you use data on potential and a geomarketing software to distribute advertisements in a more targeted fashion, thus saving time and money. Here's how:

1. Import your customer addresses into the mapping software RegioGraph. You can also import additional information such as turnover figures, which can be helpful when later selecting the target regions.

2. For each recipient address, you should also import target group data such as information on age, income level and accommodation situation. This information is easily linked with the map using the address.

3. Analyze your current customer profile. What are the characteristics of your customers? Do they tend to live in urban or rural areas? What are their age ranges and income levels?

4. Seek out regions with a similar profile to your target group. These will be the areas where you have the best chance of attracting new customers.

5. Target your communications in regions with high potential. If you specifically want to acquire new customers, purchase additional addresses for the regions identified in the previous step.

6. Measure the response to your action. Import the addresses of respondents and your turnover into the map. This will immediately illuminate regions with particularly high quotas. Check the target group profile and use your next round of communications to concentrate on regions that have a similar target group profile.
CREATING A DETAILED TARGET GROUP PROFILE

Geomarketing also helps companies derive a very detailed portrait of their target group:

» Does the envisioned target group correspond to the profile of the actual purchasing customers?
» Does the company just have one target group or are there others?
» Which regions have high concentrations of these target groups?

These questions can be answered with special target group profiles. This is done using information from the customer database or customer loyalty card program. Market data experts link this information with socio-demographic data and evaluate it with statistical methods. This gives you a detailed portrait of your customers and answers the following kinds of questions:
Do you have one or more customer groups? How do they differ?
What are their motivations and lifestyle orientations? Are your marketing actions targeting these customer groups or are adjustments required?
Geomarketing even goes one step further by visualizing the customer profiles on digital maps. Our experts calculate a score that is tailored to your company and shows the regional distribution of your target group as well as the target group density in every street segment. The score helps you optimize your direct marketing and pinpoint promising regions for more cost-intensive actions such as the mailing of product samples and POS promotions.

CHECKLIST AND WEB LINK

Points to consider prior to a marketing campaign:

» How high is the total sales potential?
» What is the profile of your current customers?
» Which customer group do you want to reach?
» Which characteristics define this group?
» Are there regions that have a similar target group profile?
» In which regions should you concentrate the campaign?

Points to consider when selecting data on potential:

» Is the data regionalized - i.e., available at the level of postcodes or street segments?
» Does the data provide comprehensive coverage for all regions of the given country?
» Is the data regularly updated?
» Can the data be easily imported into your geomarketing software – i.e., do the maps in the software and the data on potential have the same date status (e.g., 1.1.2012)?

More information at www.gfk-geomarketing.com/target_group.
4. LOCATION AND EXPANSION PLANNING
WHAT MAKES A GOOD RETAIL AND INDUSTRIAL LOCATION?

Location planning is one of the most important and cost-intensive decisions that companies face. It’s therefore extremely important to comprehensively evaluate every location decision. An area with high potential is one of the prerequisites for a location that can be successful over the long term. A geomarketing approach identifies and evaluates this potential, whether demand potential, target ground density, accessibility or delivery routes.

Securing a location with close customer and high demand
A successful retail location is situated in attractive surroundings and can draw on sufficient demand from customers in the catchment area. While this sounds straightforward, numerous factors must be considered to achieve this.

As a first and very important step, geomarketing helps to differentiate promising regions from unpromising ones. If a given location has its own catchment area, this can be visualized on a map and analyzed using regional data on potential. What is the socio-demographic profile of the population? How much demand is available for the offered product lines? Which competitors are
located nearby? Does the catchment area overlap with other locations? What is the accessibility like? Answering these questions brings clarity to whether the region in question is suitable for establishing a new location.

If the location is situated in a city-center area, local retail turnover and high customer frequency play a decisive role in terms of the turnover potential. Geomarketing data on retail turnover provides an objective benchmark for the retail potential available directly at the point of sale. Data on potential can also be acquired for specific product lines such as clothing or furniture. This data can be used to comprehensively evaluate the suitable regions throughout the country.

Finding a central and easily accessible industrial location
Geomarketing makes it possible to put warehouses and service centers under the microscope. Capacity and accessibility are two key factors in the case of warehouses and service centers. Map analyses visualize delivery points and product flows between warehouses and customers and the distances between the various delivery points. In addition to analyzing the current state of things, planning scenarios and their repercussions can be simulated and thoroughly evaluated, such as the opening of a new location.

The location of a service center determines how quickly service personnel can reach customers. One point of reference to consult when evaluating a prospective location is the current distribution of customers. For example, geomarketing analyses can show which customers can be reached within a specific drive-time and which customers are located outside of this radius. This quickly illuminates any coverage gaps and suitable regions for a new location. The number of potential new customers in a given region can also serve as a reference point. Data on regional potential such as the distribution of branches or the socio-demographic features of the population gives B2B and B2C companies the ability to determine the level of market potential region by region.
Branch Network Planning in the Retail Sector

Usually a single location is not enough to provide full market coverage. Many retail companies use a national or international network of locations in order to have a presence in each target region. This constellation of locations must be harmonized in order to ensure long-term success.

Phases of Branch Network Planning in the Retail Sector

Branch networks are characterized by a variety of developmental stages:

1. **Building-up phase**
   - This is the initial phase of every branch network when the company in question has not yet established any locations in the target market. Upon first entering a market, focus is first placed on the large cities, as these areas offer the most retail turnover potential. The key challenge at this point is to find suitable retail spaces to rent.

2. **Expansion phase**
   - Once a new market has been entered, the next step is to further secure the target market area by establishing new locations. The existing locations are evaluated in order to determine the preconditions for a successful macro-environment and thus pinpoint additional retail spaces suitable for renting. The opening of these locations plays a decisive role in determining whether the company will be able to further establish itself in the market. Even just a single poorly chosen location can cost a company millions.

3. **Optimization phase**
   - Once a company has established itself on the market, the focus shifts to closing any coverage gaps and optimizing the existing network. Usually performance varies significantly across the various branch sites. This can be due to internal factors, such as the experience level of the employees or the establishing of a new site, as well as difficulties related to the macro-environment of a given location. It's difficult to find regions for new locations in this phase. It's essential that...
companies check for cannibalization effects, because the opening of a new location can often redirect potential away from another location.

4. **Consolidation phase** If individual locations or the company as a whole experience a decline in turnover, it's important to check whether it's possible to streamline the branch network to stabilize turnover.

**GEOMARKETING LEADS TO MORE INFORMED BUSINESS DECISIONS**

Geomarketing leads to more intelligent retail location decisions throughout the expansion, optimization and consolidation phases.

» **Step 1: Identify success factors**  
Future success depends upon knowing which factors contribute to a company’s present success. Geomarketing analyses reveal all the internal and external factors that positively influence the turnover of the current locations. Such analyses also show why certain locations perform better than others.

» **Step 2: Find expansion regions**  
On the basis of the identified success factors, the turnover potential for a new location can be determined for each region under review. This makes it possible to pre-select a shortlist of viable locations. Other possibilities for this step include a consideration of the impact of competitors and coupling partners on the catchment area and turnover.

» **Step 3: Appraise location on-site**  
Experienced location appraisers evaluate prospective locations on-site. A comprehensive assessment of all on-site factors is necessary in order to decide for or against a given location.
CHECKLIST AND WEB LINK

» Which macro-location factors are essential to consider?
  Administrative considerations, accessibility, geographic environment, socio-demographic and macro-economic profile

» Which conditions characterize the micro-location?
  Analysis of site and surroundings, accessibility/parking options, presentation options, location image, planning goals

» Which competitors are nearby?
  Evaluation of location potential in the context of existing and forthcoming competitors

» Is there sufficient potential in the catchment area?
  Defining of a (prospective) catchment area, calculation of demand potential, evaluation of geographic distribution of demand, consideration of market penetration quotas, rent levels, cost-benefit analysis, rent-to-sales ratio

» Is an impact analysis / turnover redistribution calculation necessary?

5. GEOMARKETING CONSULTANCY
MARKET ANALYSIS: TARGET GROUP SCORES AND BRANCH NETWORK ANALYSIS

A market analysis that takes into account regional factors opens up a wealth of possibilities for strategically positioning a company. Analyzing target groups and branch sites with geomarketing methods reveals the precise regions where the right actions can generate more turnover.

Geomarketing helps companies identify target group potential and optimize branch networks with reference to the available turnover potential on the market. For more than 20 years, we've been helping our clients acquire new customers and make more informed location decisions.
CUSTOMERS UNDER THE MICROSCOPE: TARGET GROUP PROFILE AND SCORING

GfK GeoMarketing has access to an unparalleled pool of regional GfK target group data. Using this data, we can determine your target group profile and show you the regional distribution of your potential customers. This analysis of your target group delivers valuable information for better managing your regional markets, providing answers to questions such as:

» Which socio-demographic characteristics describe the target customers and where do they live?
» Does your current target group correspond to the actual buyers of your product or service?
» How much purchasing power or demand potential is available to your target group?
» Which regions offer potential for acquiring new customers?

The analysis involves linking your customer data with the GfK target group data on the map. In addition to creating a target group profile for you, we focus on your potential customers’ places of residence. A score is assigned to every street segment and postcode, allowing you to see precisely how much target group potential you have in these areas. You can also use these scores to enrich addresses - such as those in your customer database or purchased addresses on end consumers.

Marketing and controlling support
Target group profiles and scores are used in many companies to more effectively manage their markets. For example, knowing the regional distribution of a target group makes it possible to optimize marketing communications such as the distribution of prospectuses, POS promotions, advertisements and product samples. This ensures that resources are put to best use. By knowing the demand potential in your catchment area, you are in better position to objectively evaluate your company’s performance. Actual performance only becomes clear when the turnover for a region or branch site is compared to the total available potential.
BRANCH NETWORK ANALYSIS: SUCCESS FACTORS AND LOCATION POTENTIAL

For decades now, we have been helping retail companies more effectively structure their branch networks and make more informed location decisions.

**Location success through the analysis of success factors**
In order to plan successful new locations, you need to know what makes your current branch sites successful (or not so successful). Our consultants put your existing branch network under the microscope and identify the factors that impact the turnover of your locations, providing answers to questions such as:

» Which prerequisites must your branch sites meet (e.g., sales area dimensions, opening times, number of parking places)?
» Which conditions characterize the macro-location (e.g., retail turnover, socio-demographic profile, accessibility)?
» How is your catchment area structured and how high does the demand there need to be?
» Which conditions characterize the micro-location (visibility, surroundings, frequency drivers, impact from competitors)?

**Using location potential to evaluate new locations**
We determine the turnover potential for your new locations on the basis of the identified success factors. Our data experts do this by consolidating all factors into a statistical model. You can use the resulting insights into turnover potential in all areas of your target market to evaluate the prospects of a new location.

Our branch network analysis provides the following benefits:

» Objective evaluation of the performance of your branch sites
» Focusing of your efforts on municipalities with high potential
» Reduction in number of on-site evaluations through pre-selection of locations
Sustainable success can only be achieved by taking into account the conditions associated with the location, market and potential. Retail real estate is only successful if it regularly draws a large number of customers. In other words, the objects in question must meet with the acceptance of their owners, tenants and customers.

GfK GeoMarketing examines these aspects of existing or prospective retail locations through location and market appraisals. We thoroughly evaluate the on-site situation that currently characterizes the location and competitors. As a supplementary service, we also determine the relevant structural and performance data for the real estate object(s) in question. Our location and real estate appraisals provide concrete, rigorously researched recommendations that help our clients make informed decisions.
BROAD SPECTRUM OF CONSULTANCY FOR RETAIL LOCATIONS

**Investors and banks**
GfK GeoMarketing supports investors and banks in their investment decisions involving the purchasing and financing of commercial real estate, with a particular focus on the retail sector. We are experts in the analysis and recovery of cash flow. Our many years of experience in real estate research, proven methodology and commitment to delivering unbiased recommendations guarantee discretion, speed and efficiency. A key focus of our evaluations is the sustainability of both the real estate object itself as well as the financing.

**Project developers**
GfK GeoMarketing supports projects developers throughout all stages of the development process. This support ranges from the initial assessment of the economic viability of the project and studies for use in obtaining financing to compatibility analyses regarding planning permission prerequisites and project consultancy for real estate re-development and refurbishment.

**Retailers**
We support retailers throughout all phases of branch network planning, helping to minimize risk. Location decisions are some of the most expensive and irreversible faced by companies. GfK GeoMarketing’s consultants evaluate the key place-related factors – i.e., the specific issues related to potential and competitors – for a planned real estate object and provide a turnover estimate. Our appraisals offer a reliable basis for assessing a retail project’s compatibility with respect to planning permission issues.
QUALITY FEATURES OF OUR CONSULTANCY

Our reputation is highly esteemed by our clients and professional bodies and entities such as the real estate advisory board of the *Immobilien Zeitung* (Real Estate Magazine), the Deutsche Akademie für Städtebau und Landesplanung (German Academy for Urban and Regional Spatial Planning) and various chambers of industry and commerce.

» **Experience**
GfK GeoMarketing has carried out more than 10,000 appraisals. Our experienced consultants rigorously double-check all appraisals to ensure the highest possible accuracy. Our trademark is assessing the actual situation on-site, because each location or real estate object is unique.

» **International**
We have first-hand experience of hundreds of locations throughout Europe. We also have access to worldwide market data and expertise through the GfK network.

» **Quality**
Our interdisciplinary team includes economists, geographers, city planners, sociologists and social economists, which means our location research takes into account all relevant factors. Our methodology has been developed, proven and perfected over the course of many years.

» **Neutrality**
As unbiased location researchers, our focus is not on the securing of contracts, but rather on the long-term sustainability of our clients’ projects. Our clients value and trust this commitment to honesty and neutrality.

WEB LINK
www.gfk-geomarketing.com/location-experts
SALES TERRITORY PLANNING

Optimizing sales and service territories is time-consuming and requires significant expertise and attention to detail. Particularly in the case of substantial restructurings, there’s the risk that sales force employees will not accept the new structure due to concerns about losing privileges. Our 20 years of experience in sales territory planning make us the ideal partner in these endeavors. We’ve helped hundreds of companies in various branches and countries successfully plan and restructure their sales territories.

Why use external consultants?
An external consultant can offer much-needed objectivity, impartial guidance and advice regarding the necessity of changes from the planning phase to the implementation stage. An expert with many years of experience in a variety of business branches is also able to better assess the opportunities associated with a given restructuring.
An objective external consultant is in an ideal position to serve as moderator, set up a realistic time frame, prepare company data for analysis and provide branch-specific benchmarks for estimating potential. This is a valuable supplementary resource to a company’s own market knowledge.

GfK consultancy promotes objectivity and transparency. A successful sales restructuring is ultimately driven by competent management of the entire process and associated changes.

CHECKLIST AND WEB LINK

Components of our consultancy:

» Moderation of planning workshops, project-related coaching sessions
» Visualization and analysis of customer data
» Evaluation of existing sales or service structure
» Provision of relevant data on market potential
» Determination of regional market share
» Optimization or restructuring of sales and service territories
» Reduction or expansion of external sales force
» Determination of alternative sales territory structures
» Documentation, maps and reports for each external sales force member

6. GEOMARKETING SOFTWARE
WORKING WITH GEOMARKETING SOFTWARE

Analyzing company and market data directly on digital maps using a specialized software offers many benefits:

» Immediately spot the distribution of your potential, including any gaps or overlaps in your market coverage
» Illuminate connections between diverse factors, bringing otherwise unseen trends and relationships into focus
» Create comprehensive analyses and planning endeavors in just a few clicks, keep an eye on your entire market and the granular details. The eye-catching results are ideal for communications and as a basis for more informed decision-making

This powerful approach has a surprisingly straightforward methodology:

1. Import company data and external market data
2. Evaluate the data on the map and then develop a plan for optimization
3. Export the results as a report or map
Good geomarketing software such as GfK GeoMarketing’s RegioGraph is easy to use, even for those without specialized training. The interface is similar to and compatible with that of commonly used applications such as MS Office. If the software offers an English interface and global map data, a geomarketing approach can be applied worldwide.

Regionalized data on market potential is also essential to achieving good results. This information makes it possible to evaluate company turnover and gauge the degree of market exploitation (see chapter 7). After pinpointing these values and visualizing them on a regional basis using a geomarketing software, a company can then target promising regions with untapped potential. Geomarketing software offers quick, objective, reliable results that serve as a basis for sales and marketing decisions as well as strategic decisions in expansion planning.
ESSENTIAL TOOL FOR ANALYSIS AND PLANNING

A geomarketing software is indispensable when it comes to efficiently and effectively managing your markets. This is true for companies of all branches, whether B2B or B2C. In almost all cases, the key location-related issues are comparable.

Visualizing customer distribution
Users can import a list of addresses of all customers, resellers, competitor locations and so on into the software, which then geocodes these addresses, or, in other words, links them to specific postcodes or streets. This immediately reveals a company’s strengths and weaknesses. Users can also analyze the regional distribution of turnover or classify their ABC customers by importing turnover data on customers or branch sites.

Analyzing market exploitation
Users can easily determine their market exploitation per region – postcodes, municipalities, sales territories and catchment areas – by comparing their own turnover with regionalized data on potential. This makes it possible to set realistic turnover goals for each region, agree upon a fair distribution of workload
for external sales force employees and plan targeted marketing measures for under-exploited areas. In short, companies can use this approach to better exploit their markets, because geomarketing reveals the precise locations of untapped potential.

Sales territory planning
An effective geomarketing software such as RegioGraph offers numerous sales territory planning and optimization functions. Thanks to the ability to work digitally, multi-level hierarchies and parallel sales channels can be planned according to various criteria such as workload, turnover potential and accessibility. The option to carry out manual fine-tuning measures is also important, because every company structure is unique and must be adjusted accordingly.

Additional applications:
» Marketing optimization
» Product-line management
» Optimal location and reseller network planning
» Catchment area analysis
» Sales and marketing controlling
CHECKLIST AND WEB LINK

Features of high-quality geomarketing software

- Importing of addresses and data from all standard programs and databases
- Visualization of customer distribution at postcodes or even street segment level
- User-friendly, intuitive interface
- Powerful analyses, rapid rendering of maps
- Software bundled with map data
- Expandable with additional maps (additional maps, branch-specific regions)
- Diverse analysis and visualization options
- Search and calculation options for data mining
- Reporting capabilities
- Exporting of results as a map or table for use in other programs
- Sales territory and location planning tools
- Ability to plan and analyze catchment areas
- Distance calculating options
- Expandable with data on market potential
- Access to software training courses and customer support
- English-language version available

More information at www.gfk-regiograph.com
7. MARKET DATA & MAPS
MARKET DATA

In addition to company-specific data, decision-makers also need benchmarks on the available market potential. Regionalized market data offers an objective basis for making more informed decisions and also supports comparisons across various regional levels. This kind of data provides answers to the following questions:

» What degree of sales can be achieved?
» What are the precise locations of relevant target groups?
» Where is the available potential not being fully exploited?

GfK GeoMarketing calculates data on end consumers, the retail sector and businesses. The market data fits seamlessly with our digital maps and can be easily imported into our geomarketing software RegioGraph as well as other ERP and BI systems.
MARKET POTENTIAL FOR THE B2C SECTOR

Potential based on places of residence
Purchasing power data for more than 40 European countries provides support for all planning endeavors that involve end customers. In addition to general purchasing power, specialized data on retail purchasing power and product lines is also available. For a detailed target group analysis of consumers, the micro-geographic dataset GfK Demographics for Germany provides detailed information on family type, age distribution, household income, household size, accommodation type and percentage of immigrants. The GfK market data portfolio also includes branch-specific studies such as GfK Financial Market Services.

Potential based on point of sale
The various sales benchmarks provided by GfK GeoMarketing reveal the regional market potential available at the point of sale with respect to turnover. Among the data of this type offered are the datasets GfK Retail Turnover (e.g., for clothing) and GfK Retail Centrality, which measures the retail drawing power of a given region.

MARKET POTENTIAL FOR THE B2B SECTOR

Our B2B market data portfolio includes datasets such as GfK Office Supplies Potential, data on potential such as GfK Businesses with information on the associated branch, company size and turnover volume as well as regionalized, address-specific D&B data on business potential.

Market potential tailored to client needs
On the basis of an analysis of success factors (see chapter 5), GfK GeoMarketing can also calculate client-tailored regional sales potential, both in the end-customer and manufacturing sectors.
QUALITY AND METHODOLOGY

The calculation of GfK market data draws on:

» many years of market expertise - for example, GfK has been calculating and offering the GfK Purchasing Power product since 1937
» proven method that is continuously perfected (regression analyses; microgeographic, multivariate statistical models)
» data sources on specific regions (but never on individuals)
» intensive research on the most up-to-date and relevant data sources
» regular update cycles - usually every year
» comprehensive expertise and experience of our team, consisting of statisticians, economists and geographers
» ability to carry out international comparisons thanks to the on-site validations of our experts and the support of the global network of GfK companies

Coverage
Market data of varying regional depth and complexity can be obtained, depending on the unique task or company situation. Certain tasks, such as turnover planning, can be carried out using market data at the level of postcodes, municipalities or sales territories.

However, other tasks such as the evaluation of individual locations or pinpointing of customer potential are best undertaken with granular GfK market data, available down to the level of street segments. GfK offers up-to-date regional market data that provides comprehensive coverage and adheres to the highest quality standards. This data is available for Germany, Europe and other key markets.
DIGITAL MAPS: FOUNDATION FOR GEOMARKETING ANALYSES

Why maps?
Digital maps enjoy wide usage and serve as a basis for many types of analyses and planning endeavors. For example, they can be used to visualize customer addresses, plan sales territories and display catchment areas. Data relationships and trends are often not apparent until displayed visually on digital maps.

Specialized digital maps are required when they are to be used by companies, whether in retail, industry or research: The maps must include a layer that can be directly linked to the company’s data. Consequently, maps that depict postal and administrative boundaries such as municipalities comprise the basis of all geographic analyses. Postcode maps are an indispensable basis for regional analyses, because almost all company data is associated with postcodes.

Digital maps serve a dual purpose in this regard: They can be used to visualize the results of analyses, and they also serve as repositories in which all data with a place-based component can be stored and interlinked.

Quality features
The regional analysis of company or market data requires a precise, up-to-date cartographic basis that provides comprehensive coverage of municipal and postal boundaries. GfK GeoMarketing’s maps provide comprehensive, detailed coverage, seamlessly fitting and overlap-free boundaries, national and local place-name attributions and infinite zoom capability (vector maps).

In addition to comprehensive digitization and seamlessly fitting borders within and between the maps, it’s essential that maps offer up-to-date rendering of the areas they cover. Put simply, outdated maps lead to errors when carrying out regional analyses.

Researching the latest status of postal boundaries is very challenging in many countries, because even boundary information from official sources can be outdated or can only be digi-
tized with reference to other sources such as NGOs or satellite imagery. GfK GeoMarketing specializes in the creation of maps of municipal and postal boundaries and continually updates its maps for all countries in the world via its own in-house cartography department.

**Availability**

GfK GeoMarketing’s worldwide digital maps are available in all standard digital map formats, including *.shp (ESRI), *.tab (Map-Info), *.gdb (GeoDatabase) and *.lay (GfK GeoMarketing). The maps are also available in the Oracle (Spatial) database format for use in Oracle Business Intelligence applications.

GfK GeoMarketing offers these maps in the form of a comprehensive World Edition, continent editions and country-specific editions. In addition to maps of regional levels such as postcodes and administrative districts, GfK GeoMarketing also provides branch-specific maps, such as the CRESTA zones, which serve as a basis of planning in the re-insurance industry.

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**CHECKLIST AND WEB LINK**

**Do the data and maps meet the following criteria?**

» Available in all standard formats  
» Reflect the latest status, regularly updated  
» Accurate and precise, high level of detail  
» Seamless fit with other maps and data  
» Gapless and overlap-free  
» Expandable with other data and maps, sufficiently broad coverage  
» Obtained from a reliable provider with experience, solid methodology and ability to supply maps in the future

8. ABOUT GfK
GfK is one of the largest European suppliers of geomarketing solutions. We have more than 75 years of expertise and experience in all branches and in the application of our proven research methods.

**Geomarketing supports you in all your location-related business challenges:**

- Analyses of regional market potential
- Target group localization
- Sales territory planning
- Location and expansion planning
- Retail real estate consultancy

GfK is one of the world’s leading market research companies and is represented in more than 100 countries by approximately 13,000 employees.

More information at [www.gfk.com/geomarketing](http://www.gfk.com/geomarketing) or T +49 7251 9295 200 | geomarketing@gfk.com

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**FURTHER READING**

**Our e-books:**

- RegioGraph in Sales
- RegioGraph in Marketing
- Planning locations with RegioGraph
- Sales Territory Planning in Practice

All e-books can be downloaded at [www.gfk-regiograph.com/downloads_en](http://www.gfk-regiograph.com/downloads_en).

We offer expertise and solutions that help you optimally exploit your regional market potential. We answer all of your where questions, from sales territory planning and marketing optimization to location and expansion planning.

GfK GeoMarketing stands for experience, reliability and quality. We help you make more informed business decisions.

Growth from Knowledge