



NAVIGATING RETAIL REAL ESTATE WITH GIS

Abstract

Geographic Information Systems (GIS) Solutions have become essential for retailers to gain a competitive edge while establishing their retail outlets. By leveraging GIS solutions, retailers can make informed decisions regarding site selection, trade area development, and customer engagement. This paper talks about how retailers can optimize their operations, enhance customer experiences, and drive growth and profitability.

The retail industry revolution:

The technology revolution has left no stone unturned; the retail industry has been no exception. The emergence of Geographic Information Systems (GIS) has proved to be a powerful tool for retail real estate professionals. As traditional retail real estate faces an uncertain future, retail stakeholders must jump on the GIS bandwagon to stay relevant and expand their new stores.

Having an effective site for their stores is paramount for retail real estate professionals to establish a competitive presence in the market. Some of the main considerations for site selection are demographics of potential customers, assessing the competition's positioning, and analysing trade area activity to support store growth. Given that site and trade areas must meet specific requirements to proceed, leveraging location intelligence tools can aid in making informed decisions.

These location intelligence tools are founded on GIS, which enables end-users to effectively retrieve, manage, display, and analyse a wide range of geographic and spatial data. GIS software empowers users to generate maps and other visual representations of geographic information for both, evaluation, and presentation purposes. Leveraging GIS data analytics can assist in defining target and promotion campaigns, tracking customer spending, and evaluating advertising effectiveness.

If we take the realm of real estate, GIS is a powerful location intelligence tool that enables retailers to efficiently analyse vast and diverse data sets by utilizing location as a common reference point. GIS can be strategically structured as a problem-solving tool to determine trade area market research and planning, customer engagement and behaviours, as well as site suitability analysis.



The trade area and evaluating the market potential

Establishing new territories can be a daunting task in retail real estate. You are in a new area, entering a new market, and you are not sure if the geography is right for your business. There is a myriad of questions that you want answered, to be reassured that your business will thrive. However, GIS tool applications help ease these concerns.

Leveraging location-intelligent trade area tools from GIS provides a comprehensive understanding of customer origin and

preferences. As retail trade areas are unique to each market, GIS can facilitate the analysis of key factors such as population density, convenience, and brand loyalty. Within the publication Retail Trade Areas: Definition & Factors, trade areas can vary in size and reach depending on a multitude of factors, such as urban versus suburban settings, and may account for 55 to 70 percent of a store's business. By utilizing loyalty programs and other tools, outliers and secondary markets can also be

identified to help determine a company's footprint in the market.

Moreover, demographics alone may not be sufficient to determine retail trade areas. By incorporating customer profiles and lifestyle spending patterns, the optimal areas for growth can be pinpointed with precision, whether at the state, city, or even block level. This approach enables retailers to identify and evaluate market potential, allowing them to strategically establish their presence in high-growth areas.

The site suitability and establishing the right mix

When considering new site proposals within established trade areas, factors such as footfall, customer traffic destinations, sales transfer, and market penetration are crucial for successful decision-making. However, utilizing GIS location intelligence as a directional tool can provide additional

guidance in identifying optimal locations. Consulting with real estate brokers and advisors can also offer valuable insights on local footprints, site competition, and traffic counts to increase the likelihood of new store success.

To ensure optimal results, creating an index with variable weights based on consumer profiles, lifestyle segmentation, competition within the trade area, and nearby connections such as retail stores, office/manufacturing centres, or subdivisions, is recommended.



GIS success in retail real estate

The importance of the right location for retail success cannot be overstated. Location intelligence, specifically GIS solutions, can assist retailers in making the right decisions by analysing vital signs such as competition, customer profiling, trade area development, and site scoring potential.

By utilizing GIS solutions, retailers can analyse massive and disparate data sets, leveraging location as a common index key. This information can help retailers understand customer demographics and lifestyle segmentations, providing insight into customer lifestyles and shopping decisions.

In conclusion, the application of location intelligence in retail is essential for retailers to gain a competitive edge and establish retail outlets where it makes sense for the business.



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Authors



Matthew Gygax

Associate Practice Engagement Manager, Infosys BPM

Matthew Gygax has over 20 years of experience in the GIS field and has worked in the spatial environment across multiple sectors such as real estate location intelligence, software training, spatial analysis, custom GIS platform implementations, and partnership building for GIS service offerings.

During his experience, Matthew has played key roles in designing and delivering geospatial consultancy for Utilities, Insurance, Real Estate, Retail, Local Governments, and the Engineering sectors.

At Infosys BPM he is responsible for adding client logos in North America and offering core GIS services to clients.



Dr. V. Pradeep Kishore

Senior Solution Design Head, Infosys BPM

Dr. Pradeep leads the GIS data practice in Infosys BPM. He has close to 25 years of experience in the field of GIS, telecom OSS/BSS, mobility, and telematics domain, and is involved in consulting, solution architecture, program/project management, and portfolio management for Indian and overseas clients (US/Middle East). In Infosys BPM, he is responsible for leading the GTM strategy, presales, consulting, and COE accountabilities - creating/owning business modeling/framework and contributing to all lines of GIS business/new wins.

* For organizations on the digital transformation journey, agility is key in responding to a rapidly changing technology and business landscape. Now more than ever, it is crucial to deliver and exceed on organizational expectations with a robust digital mindset backed by innovation. Enabling businesses to sense, learn, respond, and evolve like a living organism, will be imperative for business excellence going forward. A comprehensive, yet modular suite of services is doing exactly that. Equipping **organizations with intuitive decision-making** automatically at scale, actionable insights based on real-time solutions, anytime/anywhere experience, and in-depth data visibility across functions leading to hyper-productivity, [Live Enterprise](#) is building connected organizations that are innovating collaboratively for the future.

For more information, contact infosysbpm@infosys.com

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