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Site Analytics Helps Retailers Look at the Big Picture

By Elaine Misonzhnik

Today, few retailers would argue with the fact that finding the right site selection strategy is no easy feat. The U.S. retail landscape is littered with chains that seemed to have found the winning formula a few years ago only to end up closing hundreds of stores in recent months. Some of the closures are due to the weak economy. In other cases, retailers chose the wrong markets or opened too many stores in close proximity to each other and ended up cannibalizing sales. Whatever the cause, such mistakes can be extremely costly. One of the goals of **Site Analytics Co.** a New York City-based site selection and forecasting firm, is to help retailers avoid them.

While many site selection firms focus on providing their clients with enough relevant information to allow them to make intelligent site selection decisions themselves, Site Analytics specializes in helping retailers develop the right real estate strategy and analyzes specific sites to make sure they fit within that strategy. The firm's model involves collecting demographic, psychographic and business data on a prospective site and using that data to evaluate whether the store would perform well based on the metrics from an existing store fleet. Retailers often try to do such analysis themselves, but they can operate on faulty assumptions, according to Adam Epstein, Site Analytics' president.

Epstein tells the story of one client, a second-hand goods seller, which pursued locations in low income trade areas because the chain's management figured its main clientele would be made up of lower income bargain hunters. When Site Analytics looked at the chain's performance, however, it turned out the company's stores performed better in affluent neighborhoods than in poor ones. Part of the reason was the fact that in those locations, it attracted shoppers from both ends of the wealth spectrum. More importantly, however, people were willing to travel further distances to visit stores in more upscale neighborhoods.

"It was very much a surprise to them and to us, but further investigation helps uncover why that might be," says Epstein. "People don't necessarily like to shop right near where they live. The better shopping environments are often [located] in areas where the income is higher. That's where everybody likes to shop, not just the high income people."

In the current retail climate, many retailers are looking at closing existing stores, not opening new ones. Here, Site Analytics can help too, since its expertise extends to sales forecasting, marketing campaigns and what it describes as "red flag raising." The firm can advise store operators on which locations have the potential to improve and which are destined to be money-losers. One of its restaurant clients, for example, was considering shutting down a location because sales at the site were much lower than expected. When Site Analytics looked at the restaurant in question, the firm determined it was the manager's poor performance that prevented the store from living up to its full potential, not the site

itself. A year after the restaurant hired a new manager sales at the location were up by $1 million.

Site Analytics can help landlords as well, by narrowing down the list of retailers they target to those most likely to be attracted to their centers. Often, in a bid to lease up a property as fast as possible, owners send marketing packages to every chain they can think of, wasting time and money, says Epstein. Using a service called the Tenant Prioritizer, Site Analytics can put together a list of up to 500 retailers most likely to be interested in a given site, based on their existing store fleet. For an extra charge, the firm will create EvaluSite Reports tailored specifically to those retailers, telling them why a particular center would be the best fit for their new store. (The firm offers a similar service for municipalities trying to attract new businesses).

"To some extent, our services are now more important than ever because it's so much harder to find the right retailer and then convince them to come," Epstein adds. "People appreciate the benefit of this analysis even more."

Over the years, Site Analytics' developer clients have included Saul Centers, Urstadt Biddle Properties, Miromar Development and Donahue Schriber. On the retail side, the firm has served Petco, Office Depot, the Sports Authority and Cosi, among others.

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