

6.13: Data Analysis for Location Selection

Learning Objectives

- Discuss why location selection needs to involve significant analysis of data

There is a fun little storefront available that would be **perfect** for your new boutique! As cute and affordable as this space is, how will you know if it will be a successful space to locate? Can you do what you want here? Are there competing boutiques, enough parking, and proper zoning? There is so much to think about and look at when choosing a location for your business!

A link to an interactive elements can be found at the bottom of this page.

You can view the [transcript for “Operational Location Planning and Analysis”](#) (opens in new window).

Multi-store retailers have additional location issues to deal with that is covered in the following video.

A link to an interactive elements can be found at the bottom of this page.

You can view the [transcript for “Retail Location Analysis”](#) (opens in new window).

Moving a business is expensive. Analyzing the location choice is important from the onset, so that moving does not become an issue down the road. Since a poor location can limit the success of a store and may actually be instrumental in the demise of a store, the initial research and analysis is a step that needs attention when you look to open a retail space, whether it is a small boutique or a new Walmart store.

A retailer with an excellent location has a strategic advantage to other similar retailers. A product or service that sells like hot cakes in one area, may not sell nearly as well in another location, or may not sell at all!

With the advent of technology, online shopping and next day delivery, it has become even more vital to do the proper analysis prior to opening a brick and mortar retail store. In determining a location we first want to evaluate:

1. **The alternate geographic trading areas.** Trade areas are defined as a contiguous geographic area which accounts for the majority of a stores sales and customers.If you are a small local business, this will be a narrower area, but if you are looking for space for a larger retail outlet, you will have many options available.
 - Do you want a rural, suburban, or metropolitan location?
 - How much per capita buying power is required for your product? If the people can’t afford your product, or there are not enough people in a certain area to buy your product, it will be difficult to be successful.
2. **Determine the type of location.** When looking at possible types of locations, you will need to evaluate:
 - Population—are there enough people in the area?
 - Is the density of the area suitable to meet our needs?
 - What are the characteristics of the population?
 - What is the income level and social and cultural mix of the population?
3. **Literacy of the population**
 - What is the literacy level and educational level of the populations?
 - What languages do they speak and what is the religious structure?
4. **Trading factors**
 - Are there other stores like yours in the area?
 - What do they stock and what is the reputation of these stores?
 - Is there are large enough trading area for you to flourish along with the others?
5. **Accessibility**
 - Can people get to you (vehicles, public transit, pedestrians)?
 - Is there parking and how far are you from other retail areas?

- Can individuals with physical disabilities access your location?

6. Amenities

- Are you planning to be open when people want to shop?
- Do you do deliveries, online ordering and accept credit cards?

There are so many factors to consider, and we will review many of these as we move forward in the course. It isn't as simple as hanging out a shingle. The importance of analysis as you decide **where** to place your retail store or restaurant may result in your success or failure as a business!

Practice Questions

<https://assessments.lumenlearning.co...essments/9192>

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