BUS348: Retail Management
03/05/2023
Magnus Mesters

Module 4 Assignment

Short Answer (4 to 5 sentences)

1. *Define a trading area. How are retailers using geographic information system (GIS) in trading area delineation and analysis.*

   In retailing, a trade area is the area in which the respective retailer is stationed. Geographic Information Systems (GIS) help retailers by combining digital maps with key location data. This data analysis enables the retailer to filter out the characteristics of the trading area and to devise a strategy for his trade based on these characteristics. The GIS thus creates a delineation of trading areas based on the various data and analyses, through which the retailer can come up with a strategy.

2. *Compare and contrast the primary, secondary, and fringe trading areas.*

   The primary area in retail deals with 50-80% of the customers of a store. This area records the highest density of customers compared to the number of inhabitants. The secondary area comprises 15-25% of the retailer's customers. In this area, customers live more dispersed than in the primary area. Fringe trading areas describe the remaining consumers and percentages that do not live in the first two areas. They are the smallest group and often have to travel long distances to reach the retailer.

3. *Briefly define the analog, regression, and gravity models.*

   The analog model is the most popular model for analyzing the trade area. Here, the potential sales for a new store are worked out using the sales of similar stores in the trading area. The regression model uses mathematical equations. Here potential sales, as well as independent variables, are analyzed. The gravity model describes the situation in which consumers are more likely to go to stores that are close and attractive and thus superior to their competitors.

4. *Table 9-1 lists several factors to consider in evaluating retail trading areas One of these is 'population size and characteristics'. Explain why these are important.*

   The population size and its characteristics are of great importance to the retailer in a retail area, as it lays a foundation for his trade. If the population size is small, he will have lower sales and therefore he will need to address the exact characteristics to be profitable. If the population size is larger, and the characteristics are likely to be more variable, he must build his trade in that direction. So it is fundamental to collect this data in order to build a retail argumentatively.

5. *Define and discuss the isolated store, unplanned business district, and planned shopping center.*

An isolated store is a freestanding retail store, which is located, for example, on a highway. The retail has no neighboring retailers and is therefore without competitors. An unplanned business district is a retail store that is in close proximity to other stores. This business district is created without planning, but spontaneously and is based on each retailer doing what is best for them and not for the general public. A planned shopping center is a group of unified retail facilities that are centrally managed and thus planned to be built close to each other.

6. *Define and discuss the unplanned business district.*

Unplanned business districts are districts in which retailers operate close to each other. That the different retailers are so close to each other is by chance and not planned. Each retailer in this model thinks only of what is best for his trade and does not pay attention to the general location of the trade area. Unplanned commercial districts can lead to conflicts in my eyes, as both retailers can play off against each other, harming each other. Supply and demand can also become a problem in this principle.

7. *Define and discuss the planned shopping center.*

In planned shopping centers, many retailers are located together in metropolitan area. It is important that they are centrally controlled to avoid problems. In my opinion, planned shopping centers offer many possibilities, because consumers can buy different things in one way. The central office can also take care to maintain a fair exchange and to balance supply and demand through the well-thought-out positioning of retail stores for a long time.

8. *Briefly define the three types of planned shopping centers: regional, community, and neighborhood.*

A regional shopping center is a large and planned shopping facility that addresses a common market. Regional shopping centers offer a wide range of goods and services to consumers. Community shopping centers are medium-sized and planned shopping facilities that serve one store and several small retailers. This type of shopping center serves a smaller market than a regional shopping center does. A neighborhood center is a planned shopping center, which combines, for example, a supermarket and a restaurant. In this type of center, the aim is to cover and combine the daily needs of people with goods and services.

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9. *Figure 10-7 provides a location/site evaluation checklist. One of these is pedestrian traffic. What four elements should a proper pedestrian count include?*

The first element is the division of the count by age and gender. The second element is the subdivision of the count by time. The third element of a proper pedestrian count is the survey of pedestrians. The fourth element is a sample analysis of shopping trips.

Long Answer (8 to 10 sentences)

1. *Visit the following: https://siteselection.com/SpecialReports/workforce/2023/how-labor-trends-are-impacting-site-selection-strategies.cfm. Read the short article and summarize what you have learned about how labor trends are impacting site selection.*

There are several trends in the world of work that have an impact on location choice. The various trends are described in the text excerpt as labor shortage, labor cost, remote access vs. personal presence, and environment, social, and governance. The trend, lack of labor for example states that between 3.5% and 3.7% are unemployed in the nation. Furthermore, due to Corona, 2 million fewer immigrants are able to work, and many people have retired in the last three years. Furthermore, labor costs in 2022 based on the three-month period have shown that various wage, salary, and benefit costs are steadily increasing, resulting in higher costs for employers. Things like remote access in exchange for working in person have discovered new popularity through Corona and more and more people want to work from home. This leads to the need for the business owner to offer different technologies and restructure the scheduling of their business. Moreover, the trend of social equality and environmental protection leads to the fact that companies can/must satisfy their employees differently. So all the trends and factors have an impact on the choice of location of a retail business. Above all, the retailer must be aware of the market and its dynamics and act, interact and react accordingly.