Case Study

Household-Level Insights for a Household Name

Concept:
Rent-to-own specialty retailer

Objective:
Understand growth potential and optimize real estate decisions

Results:
Reduced time required for a new store to become profitable from 18 months to 6 months

If you have ever needed to lease furniture, home appliances, consumer electronics, or other accessories, chances are you've heard of this retailer. This specialty furniture retailer, which has more than 2,600 company-operated and franchised stores in the United States and Canada, tailors its offerings to the needs of moderate-income consumers.

Traditionally, the company had based its real estate decisions on metrics – like population and competitor counts – but knew these metrics were not sufficient to answer critical questions about long-term growth.

Company leaders asked Buxton to help them:

- Determine the number of locations a market or franchise territory could support
- Identify the best sites for new locations
- Pinpoint which stores should be remodeled to appeal to younger generations

> The retailer reduced the time required for a new store to become profitable from 18 months to 6 months.

Buxton's Solution

Buxton's first step was identifying the client's core customer and designing a customer profile. This profile became the foundation for all future analyses. Next, Buxton conducted a United States potential analysis to identify the optimal number of locations, providing company leaders with data-backed answers to questions about the brand's saturation point.

Buxton also built a customer market planning model that allowed the retailer to evaluate both current and potential sites based on factors such as the concentration of core customers within a specified drive-time radius, cannibalization, and competitive landscape.

09012021 | 000 | RM

The retailer's analytics solutions were deployed in SCOUT, Buxton's proprietary web-based mapping application. Using SCOUT, company leaders could run sales forecasts, identify pockets of core customers, and evaluate the performance of all current locations.

Results and Current Focus

By taking the more targeted approach recommended by insights from Buxton's analyses, the retailer was able to reduce the minimum time required for a new store to become profitable from 18 months to 6 months.

The company was also able to grow from approximately 1,900 stores to more than 2,600 stores over a five-year period.

> "The key is not to aim to saturate the marketplace. Instead, we need to strategically use this information to align our stores in the proper places when building a new location, or remodeling or relocating an existing store."
>
> - Client vice president of real estate

Next, the retailer focused on rightsizing each market. Using customer analytics, they determined the right store model for each market and the right spacing between stores to minimize cannibalization.

"The key is not to aim to saturate the marketplace," said the company's vice president of real estate. "Instead, we need to strategically use this information to align our stores in the proper places when building a new location, or remodeling or relocating an existing store."

The retailer also rolled out customer analytics to other areas of the company. "Neighborhood Playbooks" were designed for each store so corporate and store staff would have the same customer insights.

It also used SCOUT to develop the long-term roll-out strategy of a subsidiary and sees potential in using the technology to optimize merchandizing mixes at the store level.

By thoroughly analyzing data as part of its business strategy, the retailer is maximizing the performance of each store.

Contact Buxton today to learn more about how our technology can help you understand your growth potential, maximize franchise territories, and improve store performance.
Contact us today to schedule a demo.