CASE STUDY: Store Analysis

An automotive services chain had a number of stores that were "under-performing". Management needed to know why. Was it a marketing and advertising problem? Or, an operational problem?

Objectives

- **Select a representative sample of "Good" and "Bad" stores to measure**
- **against one another;**
- **Determine the variables that may, or may not, affect performance;**
- **Decide whether the problem was "Marketing" or "Operations" driven.**

Strategy

Analyze each set of stores in a matrix incorporating data and information from sales, customer transaction file, and trade area analysis incorporating demographic and socio-economic characteristics.

Run all the data through a CHAID analysis to determine predictive variables, follow that with a Neural Net analysis to predict optimum store sales.

Results

The analysis determined that the problem was Operational in nature. Though there were conditions and variables at the individual store level that could be viewed as causal, *no demographic* or *socio-economic* variable was predictive for affecting the performance of a *group* of stores.

Since it was determined that location, advertising, marketing, or customer characteristics did not influence store performance, the only recommendation was for management to re-evaluate store management and operations. This was accepted and has resulted in positive "bad" store performance.