

Where next for Parsons Bakery? A preliminary quantitative location assessment exploring the link between demographics, competition and other variables.

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Project Background

Parsons Bakery competes in a dynamic market and each year it needs to adapt to new trends, deal with new threats and connect with the local community to provide the best chance of being successful. Store location assessment has become a critical element of retail strategy. Location and finding the right community is key to company profit. Parsons Bakery, a Bristol based family run business of 46 bakeries plans to expand its network and needed better spatial intelligence in order to make the best decisions.

The aim of the research was to determine the optimal sites for future expansion using location assessment analysis. The adoption of an optimal location strategy has the potential to provide retailers with a competitive advantage over their rivals. The research itself, focused on South West England and South East Wales due to the coverage of Parsons' store network.

Data and Methods

The initial part of developing a quantitative location assessment is determining what a company requires of its locations. Firstly, Geographic Information Systems (GIS) were used to identify the geodemographic groups geographically associated with Parsons' best performing bakeries. This information is used to target new locations and produced 53 unique Lower Super Output Areas (LSOAs).

A catchment-cum-analogue approach was then developed in order to systematically identify the factors that are associated with high performance bakeries. Two catchment areas were created for each existing bakery. Using Parsons' 2016 financial performance figures from existing bakeries combined with catchment area variables calculated from census statistics, six performance-forecast models were then designed. Overall eight hotspots matching the identified geodemographic subgroup were revealed for further performance testing.

Key Findings

Using six performance models a number of postcodes within Gloucester were revealed as the areas where a high profitability and customer number could be expected. In this setting, a bakery based in Gloucester is calculated to produce about 35% more sales

than the sales expected from the other locations within the study area investigated by performance modelling. Therefore, Gloucester was recommended as a prospective location for further investigation into the unique requirements of Parsons Bakery.

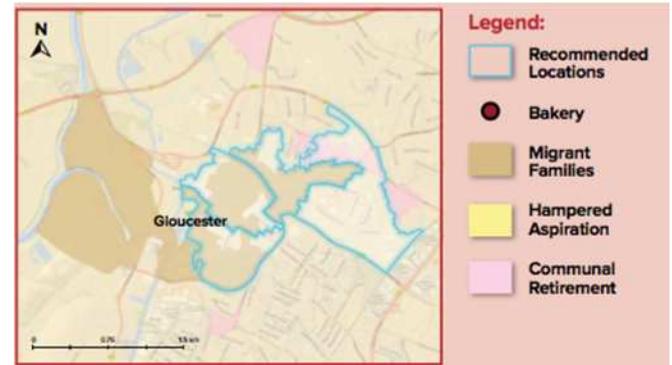


Figure 1. The geodemographic hotspots of LSOAs around Gloucester

Value of the Research

Parsons, like many other small and medium sized businesses, has not historically been of sufficient size to have the technical resources and capital investment required to carry out specialist location planning research. A comprehensive location research strategy requires many other factors to be taken into consideration.

Quantitative analysis provides a useful starting point. The analysis conducted in this research is a specific, measurable and reproducible approach to planning, which is affordable and reduces subjectivity. The catchment-cum-analogue models designed in this research avoided analytical bias as the independent variables are given uniform importance. Whilst their functionality was limited by the static nature of census data, the models are designed so that they can be updated when new data becomes available.

Other retail companies that currently do not conduct their own quantitative location assessment are recommended to do so. Whilst other retailers may follow a similar methodological process, the importance of corresponding retailer specific location requirements to their overall corporate strategy and corporate goals cannot be overemphasised.