

Place—Location & Distribution



The Situation

A high-end food retailer, Prime Foods, is expanding into Red Cliffs, Colorado. The operation of Prime Foods' stores is very standardized but getting a good location always varies from city to city. The location has a huge impact on results and upper management is very concerned.

Your Role

You have been sent ahead to find the best location. You will make the final location decision based on rent, proximity to numerous affluent customers, and distance from direct competitors.

Learning Phase

In this phase, you will practice by locating three stores and seeing their results. Step-by-step instructions will guide you through identifying available locations in a practice city and their rents. By plotting demographic information on the city, you will identify customer population types and their densities. Based on this information, you will eliminate some inferior locations. For instructional purposes, you will pick a possible location, operate the store (done automatically for you), analyze your trade area, and finally close the store. You will then pick a better location based on your learnings, operate that store, and see the results. Finally, you'll try locating close to a competitor.

Challenge Phase

You are now challenged to pick a good location for Prime Foods in Red Cliffs. Your goal is a specific weekly profit target. The store will operate automatically for you once you pick a location. Key factors to consider are rents, trade area with customer density and demographics, and competitor locations.

At the option of your Professor, you may be able to retry the Challenge Phase multiple times. Only your best grade will count.

Place in the Simulation

In this simulation of a food retailer, you are shown a particular section of the city. Within that section, there are a number of retail locations available for rent. Each has different rent. The city is populated with thousands of simulated customers, each living at a location in the city. Visualization tools are available to help you see where they live, and to determine if different population demographics are located in different areas. Customers are sensitive to location in deciding where to shop; they will only travel so far.

Discussion Questions

What factors go into picking a retail location?

Describe how a decision on place must match marketing strategy elements such as product and price?

What do you think the retail rents are per square foot in Boise, Idaho? Orlando, Florida? San Francisco, California? What drives these differences?

In 2001, just when online sales were starting to grow, Apple opened its first physical retail stores. Ten years later, *betanews* reported, "Apple would be nothing without its retail stores." What roles do Apple's physical locations play in its marketing strategy?