

Figure 2.1: Mobility behavior systems related to the frequenting of shopping places [DES 01]

One can distinguish between an *insular* mobility, characterized by a trip and a routine schedule, and an *archipelago* or *network* mobility, characterized by trips less concentrated in space and time [ALL 01]. The time devoted to transportation has remained relatively stable. The French devote about 55 minutes per day to travel. They travel longer distances but without devoting more time to this travel. They simply travel faster: speed of travel increased 34% between 1982 and 1994 [DES 01]. Trips are no longer concentrated at certain times during the day or week. These trips tend to spread out in time to such an extent that speaking of rush or peak hours and off-peak hours has lost much of its pertinence.

The automobile is the predominant form of transportation. The French increasingly use their cars for transport (82% of all trips less than 80 km compared to 74% in 1982). The number of automobile trips has increased 33% in 15 years [MAR 96]. This progression can be explained by the increase in parking lots and the development of suburban living. However, the efforts of certain municipalities, such as Nantes and Strasbourg, to improve public transportation to combat congested town centers and air pollution have met with notable success. Only the hyper-center of the city can organize itself around public transportation using clean transportation methods such as tramways. Inside this space, foot traffic multiplies. As for the periphery and the suburbs, "fordian" (= related to the fordian economy) transport, or the same for everyone at the same time, is no longer conceivable [ASC 00].

according to the individuals who reside or work there, but also by thinking of those who pass through it.

Service and retail trade activities	Pure stock of clientele = gravitational attraction	Mixed clientele = (mixed attraction)			Pure passing clientele = non-gravitational attraction
Car spare parts		x	x		
Bank branches		x	x	x	x
Temporary staff	x		x		
Travel agency	x	x	x	x	
Real estate agency			x		
Furniture			x		
Pet store			x		
Gunsmith		x	x		
Bus stop		x	x	x	
Sports items			x		
Insurance	x				
Hi-Fi/TV			x		
Driving school	x				
Bar café		x	x	x	
Jewellery		x	x	x	
Butcher			x		
Bakery		x	x		
Do-it-yourself			x		
Post Office		x	x	x	x
Office computers			x		
Dentist			x		
Phone box			x		
Surgery			x		
Gifts		x	x	x	x
Shopping center		x	x	x	
Leisure center		x	x	x	
Delicatessen			x		
Shoes		x	x		
Movie theater		x	x		
Hairdresser	x		x		
Auto dealer		x	x		
Confectionery		x	x	x	
Shoemaker	x				
Nightclub		x	x	x	
Record dealer		x	x	x	
Vending machine	x	x	x	x	x
Hardware shop			x		
School	x		x		
Household electrical	x				
Grocer		x	x	x	
Tricks and jokes		x	x	x	

Florist		x	x	x	
Cheese dairy	x				
Fruits and vegetables			x		
Gadgets		x	x	x	
Garage		x	x	x	(x)
Department store		x	x	x	(x) Paris
Hospital		x	x		
Hotel		x	x		x
Hypermarket			x		
Garden center			x		
Toy store		x	x	x	
Launderette	x		x		
Bookstore		x	x	x	
High school	x	x	x		
Variety store		x	x	x	
Fine leather goods shop		x	x	x	
Musical instruments			x		
Stationery			x		
Perfume shop		x	x	x	
Cake shop		x	x	x	
Fishing and hunting		x	x	x	
Pharmacy		x	x	x	
Fishmonger	x				
Restaurant		x	x	x	x
Fast food		x	x	x	x
Gas station		x	x	x	x
Convenience store		x	x	x	
Supermarket			x		
Tobacco/newspapers		x	x	x	x
Dry cleaners	x		x		
University		x	x	x	
Clothes		x	x	x	
Wine and spirit		x	x	x	(x) duty free
Total: 74 activities					

Table 2.2: Classification of 74 French retail trades according to their type of attraction (from [CLI 97])

NOTE: the crosses in the third column of Table 2.2 show that some retail trade types are:

- equally gravitational and non gravitational (cross in the middle of the column),
- predominantly gravitational but non-exclusive (cross on the left-hand side),
- predominantly non-gravitational but non-exclusive (cross on the right-hand side).

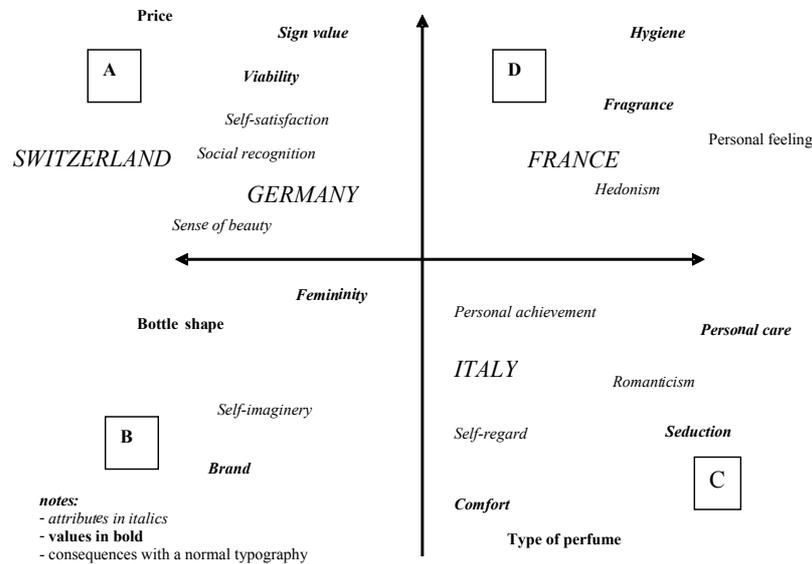


Figure 3.5: Consumption of perfume in four European countries [VAL 94]
 A, ..., D are four specific types of consumer

Another method, the APT (association pattern technique), consists of questioning consumers about the connection existing between attributes and benefits looked for, and then asking them to evaluate the connections between benefits and values. Through successive modeling, the two responses can be merged. Table 3.5 presents an extract of the chaining between the attributes of a yoghurt (high or low price, low-fat product, mild yoghurt, organically produced yoghurt, individual packaging, biobifidus yoghurt, with fruit) and Kale's values. A first grid, with the attributes in rows and the benefits in columns (convenient to use, choice for each member of the family, good for digestion, etc.) is submitted to the interviewee. The interviewee indicates for each column, whether the benefit is perceived to be associated with each product attribute. Then the respondent fills a second grid in the same manner with the benefits in rows and the values in columns. Thus the individual indicates for each column whether the value is perceived as associated with each benefit. Finally, the responses to these two questions are merged with methods [HOF 99].

Chain	Attributes	Consequences	Values	% respondents	% in France	% in Denmark
1. Variety seeking	Can be prepared in many different ways	Exciting to prepare	Happiness and well-being	26.5	31.3	21.2
2. Dislike	Poor taste and texture	Do not like eating it	Happiness and well-being	3.3	6.3	
3. Lack of experience	Am not used to the product	Difficult to make a delicious dish from it	Good health and a long life	23.2	43.8	
4. Freshness/nature	Is fresh	Enjoy family meal	Inner harmony	1.1	2.1	
5. Lack of convenience	To be bought at the fishmonger's/ it contains bones	Is time-consuming	Family's quality of life	13.8	5.2	23.5
6. Taste	Good and nourishing	Wholesomeness and physical well-being/ sense of good mood	Happiness and well-being	30.4	10.4	52.6
7. Price	Is expensive	Tight budget/ avoid waste	Good conscience	1.7	1.0	2.4

Table 3.9: Means–ends solutions for fish consumption [VAL 94]

Country	S1	S2	S3	S4	Country	S1	S2	S3	S4
Belgium	12.2	17.5	8.5	61.8	Netherlands	31.5	14.3	17.9	36.3
Denmark	47.6	2.6	27	22.8	Portugal	35.2	27.8	4.9	32.1
France	2.4	21.8	3.3	72.4	Spain	25.1	8.5	3.8	62.6
Germany	3.2	45.1	26.3	25.4	Ireland	40.6	12.1	17.9	29.5
Great Britain	41.2	7	26	25.9	Italy	5.9	10.2	5.1	78.8
Greece	28.2	13.4	6.5	52	Total	17.4	20.9	15.8	46

Table 3.10: Means–ends chains for yoghurt in different countries [HOF 99]

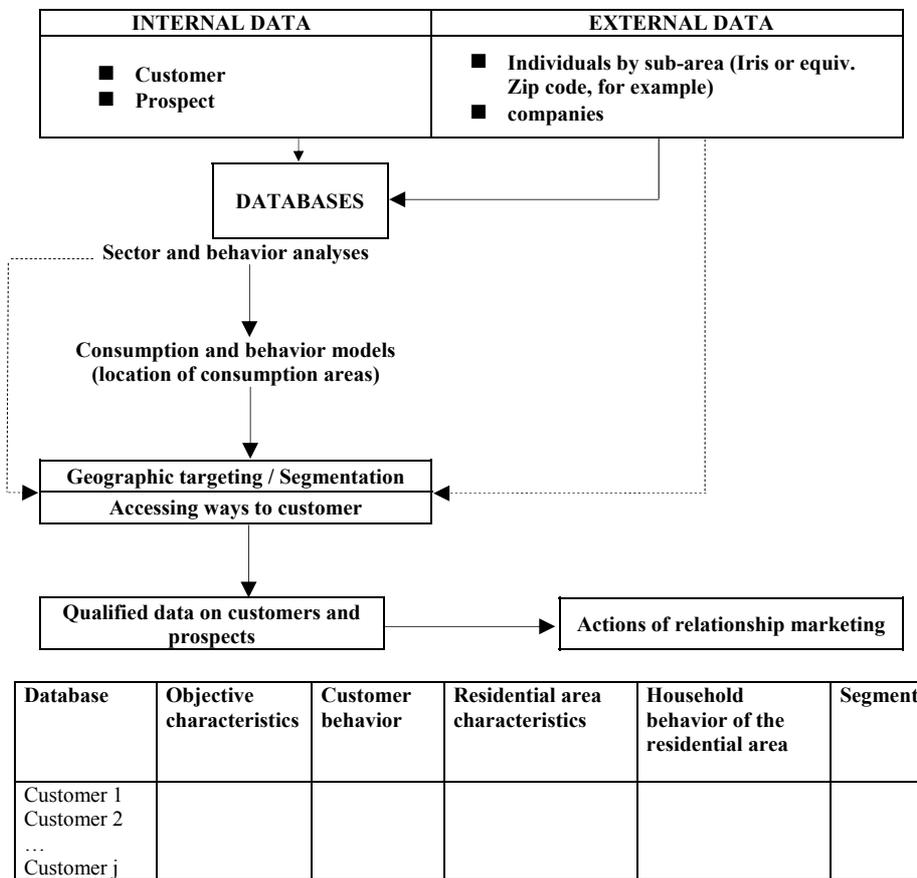


Figure 4.2: Management information system

Geomarketing today suggests the development of new behavior comprehension models. Models developed on the basis of behavioral data, which involve the interaction of numerous variables, augment the intelligibility of these more complex and more varied behaviors and suggest new enriched approaches to analyzing the consumer.

Operational geomarketing, seen as a means of observation and action directed at certain targets, today easily implements these attempts at modeling of new purchase behaviors. Geomarketing provides the keys for decoding the meaning the territory carries. From now on, in the marketing mix, companies should progressively integrate this, often still small, geographic component. A better understanding of the connections between consumers and space provides the possibility of innovative marketing approaches, modified locally and thus providing a competitive advantage.

The research aim is to identify a national strategic alliance partner for Rover. One can see from Figure 7.8 that Asda represents the optimal partner for joint-venture retailing. Asda has 100% large-store format content in its store portfolio, suggesting that its stores would be more attractive to potential Rover consumers. Asda also has a national representation spread with stores in 97 of the 103 counties. The cannibalization rank of 7 suggests that there is significant overlap between the grocery and automotive networks. It is therefore recommended that an analysis of overlap should be undertaken before any strategic-alliance agreement is formed.

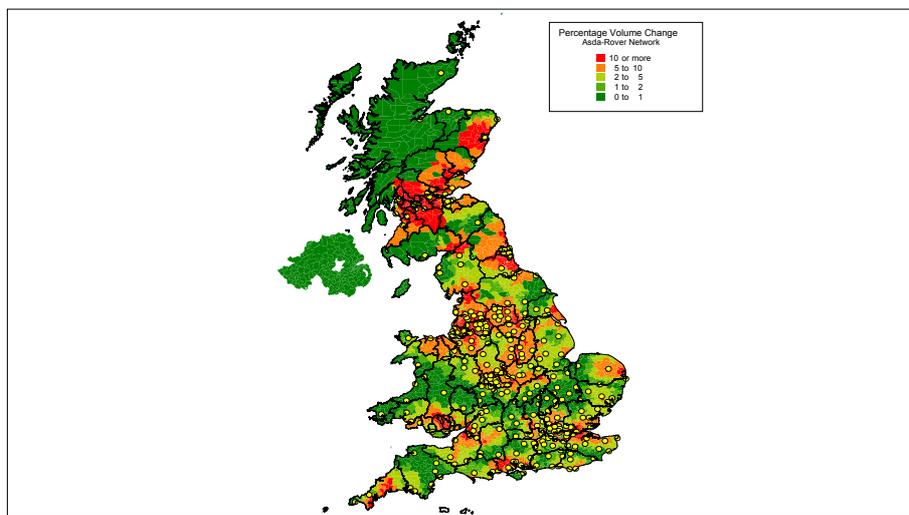


Figure 7.8: Modeled percentage change in sales for Rover-Asda network.
Memo: GEOPLAN©YELLOW: Marketing Ltd

Figure 7.8 reveals the geographical change in Rover market share provided by the strategic alliance network. There are obvious performance improvements in those counties identified previously as presenting an opportunity for mutual-retailing strategies. Two brief market appraisals will now be undertaken to evaluate the results of the modeling process at the local geographical scale. The first case study is Norfolk in eastern England. The Norfolk market is a large one, both in terms of geographical size (2,069 sq. miles) and the car market at 9,892 units, ranking as the 28th largest volume county market in the UK; Rover sold 462 vehicles in the Norfolk market, equating to a market share of 4.67%, 2.81% lower than the national average of 7.48%. Rover has three outlets in Norfolk. This rate of provision ranks low at 68 out of a total of 77 counties in which Rover has representation, indicating there is a need for greater representation in a high-volume market.

8.3. Territory coverage and spatial strategies

We have been able to see how important the notion of territorial coverage is in terms of spatial strategies. The conquest of territories goes hand-in-hand with the improvement of market share in retail trade. Industrial firms take advantage of this and therefore see the diffusion of their products increase. The battle for territorial coverage has always existed in commerce, whether at the local, national or international level. One can imagine the stakes at a time when talk of economic globalization and more specifically the opening of European borders dominated discussion [GOG 89].

The objective of this section is to explain a method that enables territorial coverage to be measured. The stakes are high since, for a network of stores, adequately covering a national territory means access to important national media without risking a decline in audience, as well as avoiding ruptures in the logistic chain, which are always prejudicial in terms of both costs and supply times, and putting promotional strategies into place. The historical headquarters of the French hypermarket chain Cora is at Nancy. This chain has naturally established itself in the East of France. Figure 8.2 shows that the territorial coverage of the Cora chain is particularly situated in the north-east quarter of France, with a few stores in the center. The consequences of this situation are both strategic and managerial.

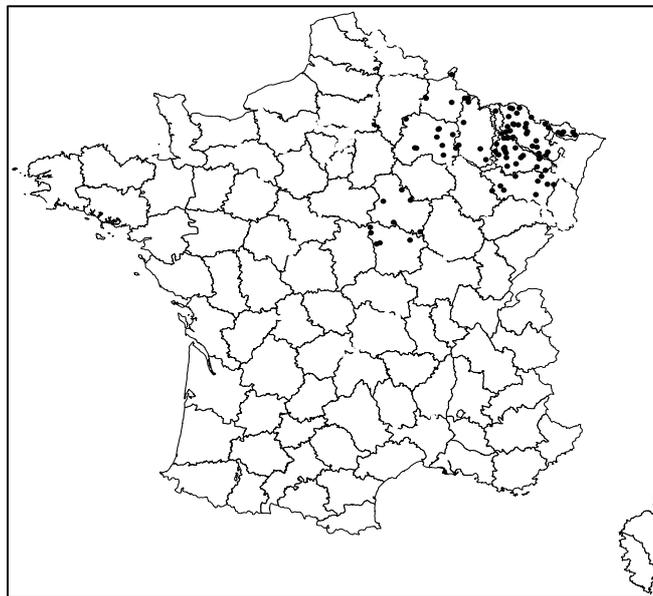


Figure 8.2: *Cora supermarkets in France*

group. On these curves, it is clear that franchising initially served to cover the territory, followed by store-owned subsidiaries taking over before franchising covered the whole of France. It can also be seen that this coverage was very progressive with a single plateau in the middle of the 1980s, during which the firm reinforced its local presence. If one compares this curve with that of the Ibis hotel network of the Accor group (Figure 8.3), one can see that the Ibis hotels first developed as store-owned subsidiaries before conquering the territory thanks to franchising. An interview with the directors showed [CLI 98b] that, although they had a preference for ownership [LAF 94], the vast number of hotel opening opportunities in the middle of the 1980s led the directors of the network to put their confidence in franchisees.

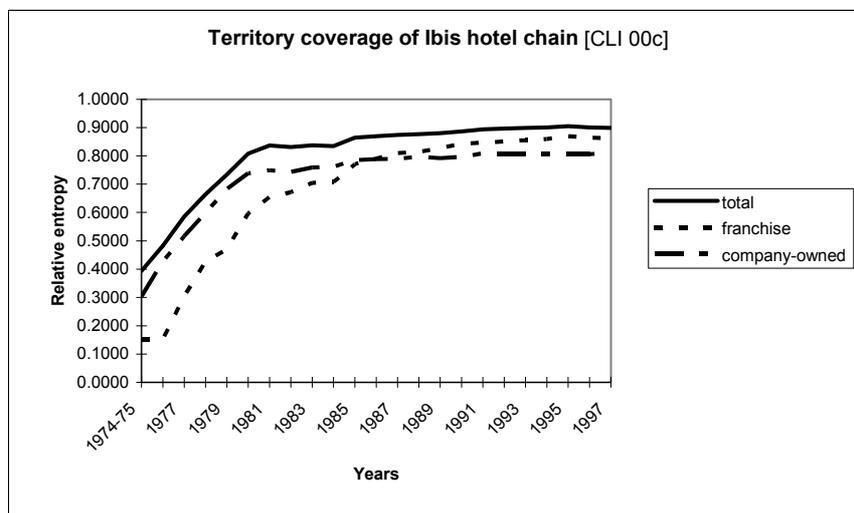


Figure 8.3: Territorial coverage of the Ibis hotel chain [CLI 00c]

One can thus analyze the spatial strategies of store networks with the support of life-cycle curves whose ordinates are given in terms of the relative entropy values representing territorial coverage. This analysis can also be done by studying the cumulative curve of the total number of store establishments.

A strong positive gradient of the curve of relative entropy values can be interpreted in different ways:

- stores were established with the goal of territorial conquest: this is the object of a beachhead strategy, which can be clearly identified as it is followed by a period of weaker gradient of the life curve of the network once a strategy of contiguous expansion [LAU 87] gets underway locally; this is the *spread effect*;

margin necessary to attract an intermediary. The author recommends setting up this corridor in such a way as to maximize the overall profit of the area.

The use of this approach means, however, depriving subsidiaries of all autonomy in price fixing, which goes against a policy of decentralization. Nevertheless, the principal limitation of this approach is that price variations beyond the producer's control, such as those resulting from exchange rate variations, cannot be taken into account.

Box 9.4. *Example: determination of a price corridor; source: [DES 97] from [SIM 93]*

A producer with a marginal cost of 5 is present in two countries A and B, of which the demand functions are:

$$Q_A = 100 - 10.0P_A \text{ with an elasticity evaluated at } e_{q/p} = -3$$

$$Q_B = 100 - 6.67P_B \text{ with an elasticity evaluated at } e_{q/p} = -2$$

The optimal price fixed independently for each country leads to $P_A = 7.5$ and $P_B = 10.0$ and a overall profit of 229.

A fixed single price for the entire market would be $P = 8.5$ with a benefit of 204, or a reduction of 10.9% in comparison to the preceding solution.

By considering an arbitrage cost of 15% in relation to the highest price, a price corridor of 15% leads to $P_A = 7.98$ and $P_B = 9.39$ and an overall profit of 224.2 or a sacrifice of 2.07% in comparison with the first solution.

9.3. Conclusion

The geographic dimension should play an important part in the pricing policy of a firm. It affects each of the determinants of the pricing policy, costs, demand and competition. Distance is an important determinant of the distribution cost, itself constituting a significant part of the overall cost of the product. Demand is fundamentally spatial and this aspect affects its importance as well its behavior and its preferences. Different geographic data serve as structuring variables for marketing. Finally, the local character of the competition, even if it seems to be reduced as a result of globalization, remains an important factor.

However, geography is also one of the dimensions of pricing policy. The concept of an increased price, integrating the monetary and non-monetary dimensions, allows a policy of either taking or not taking financial responsibility for transport costs in Incoterms. Geography is also an interesting segmentation variable because it is both pertinent from the point of view of the difference in behavior and operational for the implementation of a specific market policy on geographic segments. Geography manifests itself through the putting in place of a dynamic approach to the diffusion of new products or through the utilization of a differentiated pricing policy in relation to the demand and the intensity of local competition.