

CASE STUDY

OfficeMax

“LOCATION INTELLIGENCE ENABLES US TO TAKE THE GUESSWORK OUT OF OUR SITE SELECTION PRACTICES.”

Chad Krause, Manager of Real Estate Strategy & Research, OfficeMax

OFFICEMAX TURNS THE PAGE ON THE DARTBOARD APPROACH, RELYING ON PITNEY BOWES SOFTWARE'S LOCATION INTELLIGENCE TO PINPOINT PROFITABLE NEW STORE LOCATIONS.



Challenge

While OfficeMax achieved substantial growth, the real estate team knew that a more strategic approach was required to support future expansion plans in an increasingly competitive environment.

Solution

With an aggressive growth strategy, OfficeMax enlisted Pitney Bowes Software to provide the data, software and expertise needed to identify potential locations for new stores and conduct accurate sales performance forecasting to uncover the most profitable sites.

SUMMARY

As a leader in both business-to-business office products, solutions and retail office products, OfficeMax, Incorporated serves enterprise-level, mid-size and small businesses, as well as individual consumers. The company was founded in July 1988 with the opening of its first retail store in Cleveland, Ohio, expanding to three superstores by year's end. OfficeMax offers a wide variety of office supplies, paper, technology products and services and furniture through a multichannel approach consisting of direct sales, catalogues, the Internet and more than 900 superstores.

In May 2006 the OfficeMax real estate team decided a more sophisticated site selection process was needed to support faster, successful future growth. The retailer wanted to accurately identify the most profitable locations the first time around so it could avoid costly brick and mortar mistakes and stay ahead of its competition. The real estate team also wanted to have the detailed market and customer insight required to make more informed site optimisation decisions. For instance, when a lease comes up on expiration, OfficeMax wants to better evaluate which stores to close, renovate or expand.

Members of the OfficeMax real estate team first met with Pitney Bowes Software at the International Council of Shopping Centres annual convention where they learned more about the location intelligence company's work helping leading retail brands make successful real estate, marketing, merchandising and operational decisions. OfficeMax decided Pitney Bowes Software had the tools and experience that it needed to meet the retailer's aggressive expansion goals.

Chad Krause, manager of real estate strategy and research, joined OfficeMax shortly after the company began working with Pitney Bowes Software and was tasked with getting the site modelling system up and running. Krause was familiar with Pitney Bowes MapInfo location intelligence solutions, having used the technology to identify new locations for hospitals and other healthcare institutions in his previous role at a hospital system in Chicago.

"WE'RE ABLE TO LEVERAGE THE 'WHERE' IN OUR DATA, WHICH RESULTS IN MORE PRECISE AND CONFIDENT REAL ESTATE DECISIONS."

Chad Krause, Manager of Real Estate Strategy & Research, OfficeMax

RESULT

Using AnySite®, an essential decision support tool for the retail, restaurant, real estate and financial services industries, Krause began examining site and trade-area attributes for new OfficeMax stores. Initially, AnySite helped guide the real estate team in prioritising the core markets to primarily focus on based on sales potential. This helped OfficeMax develop a more systematic approach to opening new stores, enabling the real estate team to more quickly move onto new markets once one market is close to saturation.

AnySite is specifically designed to provide retailers and restaurants with insight into their location, customer and market research, which becomes critical when analysing the relationship between store performance and market trade area demographic characteristics. With the help of location intelligence solutions, OfficeMax was able to more accurately outline the characteristics of a target trade area, which generally includes a large concentration of white collar small businesses and mid- to high-income households.

While Krause and a real estate analyst at OfficeMax are the primary AnySite users, the research and analysis they perform using Pitney Bowes Software software is shared across several other departments. After a new store is approved, the real estate team partners with the marketing department to generate a proposed trade area to purchase the direct mail that will go out to potential new customers. As a result, the marketing department can more precisely determine where to concentrate efforts, which helps cut costs and eliminate unnecessary mailings. Krause also works with the finance and store operations groups to help them forecast sales for the next year. Additionally, if a competitor is building in the same trade area, they can predict the impact the new store will have on the current OfficeMax location.

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THE PITNEY BOWES SOFTWARE ADVANTAGE

With 908 current locations, OfficeMax has devised a consistent expansion plan for the next several years. OfficeMax opened 60 new locations in 2007, compared to 30 stores in 2005, which Krause credits in large part to his work with Pitney Bowes Software. "In addition to excellent customer service, we are confident that operating stores identified using AnySite will mature to be in line with the forecasting models' predictions," says Krause.

Every connection is a new opportunity™

