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Strategic Plan and CRM Solution for Tool Time: Expanding in the New England Region

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1. Purpose of the Strategy and CRM Solution

The purpose of developing a strategic plan and customer relationship management (CRM) solution for Tool Time, an emerging home improvement store is to expand and become a franchise in the larger New England Region. The strategy will focus on identifying optimal store locations based on the successful models of competitors, while the CRM solution will aim to intelligently manage customer relationships to drive revenue growth, enhance customer experience and support Tool Time's expansion goals.

Tool Time specializes in home improvement and DIY supplies, with a competitive advantage in the small communities of the New England area. With 15 stores currently operational and a workforce of 1500 employees, Tool Time is poised for expansion. Leveraging the vast amount of data available on competitors like Home Depot and Lowes, including store locations by county, Census 2000 and 2010 data, highway counts per county and property tax data by county, Tool Time seeks to emulate the successful strategies of its competitors while tailoring them to its unique market positioning.

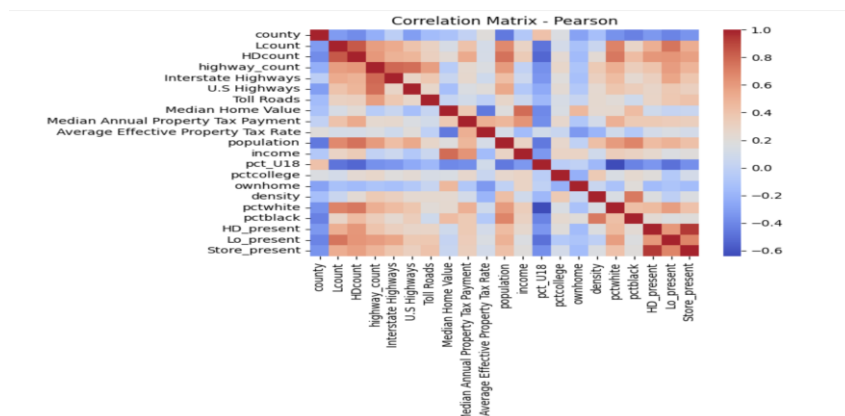
The strategic plan will involve identifying potential store locations in untapped areas within the New England Region, drawing insights from the successful store placement strategies of Home Depot and Lowes. Additionally, the CRM solution will play a crucial role in managing customer relationships effectively, ensuring alignment with Tool Time's objectives of revenue growth, customer satisfaction and expansion. By developing a comprehensive strategy and CRM solution, Tool Time aims to capitalize on its strengths, differentiate itself in the market and pave the way for sustainable growth and success as a franchise in the competitive home improvement retail landscape of the New England Region.

2. The Strategy

As a consultant for Tool Time, tasked with developing a strategic plan for the expansion and franchising of the home improvement store in the larger New England Region, we conducted an in-depth analysis using spearman correlation and leveraging data provided by a dedicated data scientist and insights from competitors like Home Depot and Lowes.

Analyzing Competitor Strategies

- i. **Population Correlation:** Both Lowes and Home Depot store counts are directly correlated with population density. In areas with higher population, we observe more home decoration stores from both competitors.
- ii. **Ethnic Demographics:** The presence of a larger Caucasian population is associated with higher store counts for Lowes and Home Depot.
- iii. **Highway Accessibility:** Medium-level highway counts positively impact store numbers for both competitors.
- iv. **Income Levels:** As income rises (at a medium level), we see an increase in Lowes and Home Depot store counts.
- v. **Homeownership:** Interestingly, areas with a higher percentage of homeowners have fewer Lowes and Home Depot stores. This inverse relationship suggests an opportunity for Tool Time.
- vi. **Youth Population:** Counties with a higher percentage of residents under 18 tend to have fewer Lowes and Home Depot stores.



Given these insights, we'll strategically select the next three Tool Time store locations in the North East, focusing on areas where our unique strengths can thrive. By reverse-engineering the strategies of Home Depot and Lowes, we identified key factors influencing their store location decisions.

In our strategic analysis for Tool Time's expansion into the New England region, we leveraged census data from 2000 and 2010 to assess changes in key variables over the past decade. This analysis allowed us to identify regions experiencing significant growth and demographic shifts, providing valuable insights for store location selection. Our approach was guided by Tool Time's belief in differentiating itself through superior customer service, targeting small communities without existing Home Depot or Lowes stores. Initially, we filtered out counties where there are no competitors. Introducing a new factor termed "overall growth," calculated as the product of population and income, we prioritized counties with high overall growth potential, aligning with observations of competitor strategies. Furthermore, we eliminated regions with no highways, as our analysis revealed a correlation between highway count and the presence of competitor stores. Highways are crucial for accessibility and transportation, making them key factors in store location decisions. While homeownership rates were considered in previous correlations, we found that they were relatively consistent across filtered counties. However, the percentage of teenagers below 18 emerged as a significant factor. Counties with a lower percentage of teens may indicate older demographics with higher homeownership rates and greater discretionary spending on home improvement projects.

	Lcount	HDcount	population	income	pct_U18	pctcollege	ownhome	density	pctwhite	pctblack
count	67	67	67	67	67	67	67	67	67	67
mean	1.104478	1.716418	7841.3881	16056.13	3.038806	3.623881	1.073134	25.38508	1.995522	0.116418
std	1.558305	2.165892	10516.675	4443.46	0.970154	1.335992	0.944615	88.54244	1.440058	0.191957
min	0	0	0	7467	0.7	0.4	0.1	0	0.2	0
25%	0	0	943	12961	2.6	2.8	0.4	1.7	1	0
50%	0	1	3292	15380	3	3.8	0.8	6.1	1.4	0
75%	2	2.5	10304.5	19044	3.55	4.4	1.5	24.2	2.55	0.1
max	6	9	47589	30214	6.6	7.1	4.8	724.1	6.7	1.1

Locations

After careful consideration of the data, we have narrowed down our selection to three promising counties for Tool Time's new store locations:

- i. **Tolland:** Characterized by significantly high population and income levels, Tolland emerges as a top contender. With one highway facilitating accessibility and a relatively average presence of colleges,

Tolland presents an opportune environment for Tool Time's expansion. Additionally, the compact density of Tolland suggests logistical advantages, enabling efficient delivery operations and potentially reducing transportation costs.

- ii. **Oxford:** Situated in Maine, Oxford showcases commendable overall growth and boasts two highways, making it an appealing location for Tool Time's expansion efforts.
- iii. **Washington:** The county of Washington in Vermont also warrants serious consideration for Tool Time's new store. Despite experiencing a below-average population increase over the past decade, Washington demonstrates a remarkable doubling of income levels, surpassing the regional average. With three highways facilitating transportation and above-average college presence suggesting seasonal spikes in demand for home improvement products, it presents an enticing opportunity for Tool Time's expansion strategy.

```
[200]: HDLo_NE['overall_growth'] = HDLo_NE['income'] * HDLo_NE['population'];
HDLo_NE_fil = HDLo_NE[(HDLo_NE['Store_present'] == 0) & (HDLo_NE['highway_count'] > 0) & (HDLo_NE['pct_U18'] < 3)]
HDLo_NE_fil = HDLo_NE_fil.sort_values(by=['overall_growth', 'pct_U18'], ascending=[False, False])
HDLo_NE_fil = HDLo_NE_fil[['areaname', 'state', 'highway_count', 'population', 'income', 'overall_growth',
'pct_U18', 'pctcollege', 'ownhome', 'density', 'pctwhite']]
HDLo_NE_fil
```

C:\Users\shett\AppData\Local\Temp\ipykernel_32300\1456430779.py:1: SettingWithCopyWarning:

A value is trying to be set on a copy of a slice from a DataFrame.
Try using .loc[row_indexer,col_indexer] = value instead

See the caveats in the documentation: https://pandas.pydata.org/pandas-docs/stable/user_guide/indexing.html#returning-a-view-versus-a-copy

```
[200]:
```

	areaname	state	highway_count	population	income	overall_growth	pct_U18	pctcollege	ownhome	density	pctwhite
6	Tolland	CT	1	16327.0	20192	329674784.0	2.9	3.2	1.8	39.6	2.5
16	Oxford	ME	2	3078.0	8815	27132570.0	2.9	1.5	0.3	1.5	1.5
64	Washington	VT	3	1495.0	16810	25130950.0	2.8	4.6	1.6	2.4	0.9
22	Washington	ME	1	1085.0	11860	12868100.0	2.9	3.8	2.3	0.4	1.4

By opening new stores in these locations, Tool Time aims to cater to various consumer demographics, including contractors, DIY enthusiasts and consumers seeking finished products. Additionally, leveraging the insights provided by our data scientist using a logistic regression and Decision Tree algorithm, we are confident in the predictive accuracy of our location selection process, ensuring the success of Tool Time's franchise expansion in the North East. In summary, our strategy emphasizes data-driven decision-making, focusing on growth potential, demographic trends and absence of competition to identify optimal store locations for Tool Time's expansion in the New England region.

3. CRM

The purpose of implementing a Customer Relationship Management (CRM) solution at Tool Time is to effectively manage customer relationships, drive revenue growth, enhance customer experience and support the company's expansion goals in the larger New England Region.

PLAN

- i. Identify New Prospects: Utilize data analytics and market research to pinpoint potential prospects in the local market, segmenting based on demographics, preferences and purchasing behavior. Establish partnerships with local contractors to broaden the customer base. Collaborate on marketing campaigns, referral programs and exclusive offers to attract new prospects through contractor networks. Offer special discounts and tailored assistance to college students from out of town seeking home improvement products. Launch targeted marketing campaigns in areas with high college populations to attract this customer segment.
- ii. Track and Monitor Sales Opportunities: Implement a robust CRM system to effectively track and monitor sales opportunities. Capture leads from multiple channels like website inquiries, social media and in-store visits, and monitor their progress through the sales pipeline. Utilize sales automation tools to streamline processes, set reminders for follow-ups, and track interactions with prospects for timely and personalized communication.
- iii. Organize and Engage Current Customers: Host exhibitions and engaging events to organize and engage current customers, showcasing new products and offering exclusive discounts. Provide interactive sessions and demonstrations to enhance customer experience and loyalty. Leverage social media and email marketing to promote events and encourage participation. Offer comprehensive installation assistance and services, including warranties, for customers purchasing finished products. Provide personalized consulting services to DIY consumers seeking guidance on their projects, ensuring expert advice and support throughout the process.

- iv. Establish a Relationship with Current Customers: Continuously revise marketing strategies based on changes in the environment and customer preferences. Stay updated with industry trends, monitor competitor activities and adapt marketing campaigns accordingly to maintain relevance and effectiveness. Utilize customer feedback and data analytics to personalize communication and tailor offerings to meet evolving customer needs and preferences. Tool Time will focus on enhancing the customer experience by providing personalized and expert assistance at every touchpoint. Whether it's through instore consultations, online support or follow up communication, Tool Time will prioritize building strong and lasting relationships with its customers.
- v. Manage Customer Life Cycle: Implement customer-friendly return and replacement policies to boost satisfaction and loyalty. Ensure a seamless, hassle-free process for returns, exchanges and refunds with minimal effort required. Track customer purchases and preferences to provide personalized discounts and recommendations. For instance, offer discounts on related products based on previous purchases. Provide free shipping above a specific purchase amount to incentivize larger orders and increase average order value. Clearly communicate the free shipping threshold to customers and promote it through marketing channels to drive sales.

IMPLEMENTATION APPROACH

*Phase 1 - **Data Collection and Integration***: Let's gather customer data from existing stores. Perform data cleaning, transformation and normalization and then integrate with existing IT systems. Establish data pipelines for seamless data flow.

*Phase 2 - **CRM Platform Selection and Customization***: Evaluate CRM platforms based on Tool Time's requirements. Customize the selected CRM platform to align with Tool Time's processes and workflows. Configure modules for prospect management, sales tracking, customer engagement and lifecycle management.

*Phase 3 - **Training and Adoption***: Train staff on CRM usage. Foster a customer-centric culture.

Implement change management strategies to overcome resistance and drive user acceptance.

*Phase 4 - **Testing***: Roll out the CRM solution in a pilot environment to a select group of users. Collect input from users to gain valuable feedback and insights, enabling to pinpoint areas for enhancement

*Phase 5 - **Full Deployment and Integration***: Scale up the CRM solution across all departments and locations of Tool Time. Integrate the CRM system with existing IT infrastructure, including databases, applications and analytics tools. Ensure seamless communication and data exchange between CRM and other systems.

*Phase 6 - **Segmentation and Personalization***: Categorize customers based on behavior and demographics. Personalize marketing messages.

*Phase 7 - **Engagement and Retention***: Implement loyalty programs. Regularly engage through email, social media and in-store events. Enable social listening capabilities to identify opportunities for engagement and address customer inquiries or concerns. Leverage social media analytics to track brand mentions, trends and competitive insights.

PERFORMANCE STANDARDS AND KPIs

- i. **Customer Acquisition Rate**: Measure the rate of new prospects converted into customers over a specific period. Optimize marketing efforts.
- ii. **Sales Pipeline Velocity**: Track the speed at which leads move through the sales pipeline to conversion.
- iii. **Customer Retention Rate**: Monitor the percentage of existing customers retained over time.
- iv. **Customer Satisfaction Score** (CSAT): Gather feedback from customers to assess their satisfaction with Tool Time's products and services. Target high CSAT scores.
- v. **Revenue Growth**: Analyze the increase in revenue attributed to CRM-driven initiatives.
- vi. **Customer Lifetime Value** (CLV): Calculate the projected revenue from a customer throughout their relationship with Tool Time. Aim for CLV growth through repeat business.

4. Analytical Solution for CRM

For Tool Time's CRM solution, employing a comprehensive data analytics platform would be essential for analyzing, prescribing and predicting management actions. One suitable analytical solution involves developing customized reports and dashboards to visualize CRM data and metrics, tailored to Tool Time's specific business needs and objectives. By integrating various data sources like customer interactions, sales data and market trends, Tool Time can gain actionable insights into customer behavior, preferences and purchasing patterns.

Moreover, establishing a centralized data warehouse to store and analyze customer data from multiple sources and implementing advanced data analytics techniques such as machine learning algorithms, can enhance the CRM solution's capabilities. This includes enabling real-time reporting and analytics for timely decision-making and strategic planning.

Additionally, incorporating risk assessment functionalities into the CRM solution is crucial for identifying and mitigating potential risks to customer relationships and revenue growth. Analyzing factors like customer satisfaction scores, purchase history and market volatility enables Tool Time to proactively address issues and prevent customer attrition.

Maintenance and support are critical components of any analytical solution. Tool Time should ensure ongoing monitoring and optimization of the CRM system to adapt to changing business requirements and technological advancements. Regular updates and enhancements to the analytics platform with new features, security patches and performance improvements will enable Tool Time to stay ahead of competitors and maintain a competitive edge in the market.

5. New Technology Innovations and Data Sources

To further enhance Tool Time's CRM solution and business operations, several new technology innovations and data sources should be considered:

Regarding data management, implementing robust data migration tools and pipelines can streamline transferring data from existing systems to the new CRM platform. Embracing modern data architecture principles like data lakes or data hubs can facilitate seamless data integration and management across Tool Time's departments and systems.

Concerning data privacy and responsible AI, Tool Time must prioritize robust data privacy measures and compliance with regulations like GDPR. Incorporating ethical AI principles into predictive models helps mitigate biases and ensures fair decision-making. Establishing data governance policies governs the collection, storage and processing of customer data.

In terms of security, Tool Time should deploy multi-layered security measures to safeguard CRM data against unauthorized access and cyber threats. Role-based access controls should restrict user permissions to ensure data confidentiality and integrity. Regular security audits and vulnerability assessments identify and address potential risks.

Regarding deployment options, evaluating the suitability of cloud-based versus on-premises CRM solutions is crucial. While cloud-based solutions offer scalability and cost-effectiveness, on-premises solutions provide greater control. Assessing business requirements, budget constraints and IT infrastructure capabilities helps determine the optimal deployment model.

IN SUMMARY, the strategic plan and CRM solution, coupled with innovative technologies and data-driven approaches, position Tool Time for sustainable growth and success as a franchise in the competitive home improvement retail landscape of the New England Region. By prioritizing customer satisfaction, leveraging data analytics and embracing technological advancements, Tool Time is poised to achieve its expansion and business objectives while delivering value to its customers.

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