

Market Analysis: Data-Driven Site Selection Strategy

Identifying What Drives Grocery Retail Success in Ontario

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https://github.com/jordanchow1/farmboy_expansion

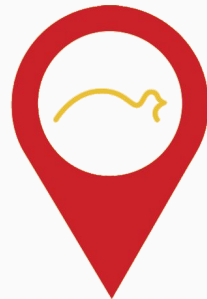
The \$10M Question: What Makes a Successful Store Location?

The Challenge:

- Site selection typically costs \$50K-\$150K per evaluation
- Wrong decision = \$2M-\$5M in sunk costs
- Traditional approach: Gut feel + income targeting

The Opportunity:

- 520 Ontario FSAs analyzed
- 50 with stores, 466 without
- Can we identify what actually predicts success?



The Surprising Discovery



The Conventional Wisdom is Wrong

What We Expected:

- High income = Successful stores
- This is retail 101, right?

What We Found:

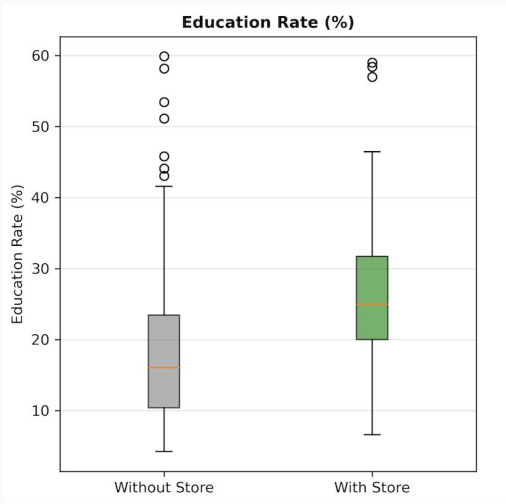
- Income: NOT SIGNIFICANT ($p > 0.05$)
- Only 5.7% higher in store locations
- Effect size: Small ($d = 0.23$)



Education Level is the Strongest Predictor

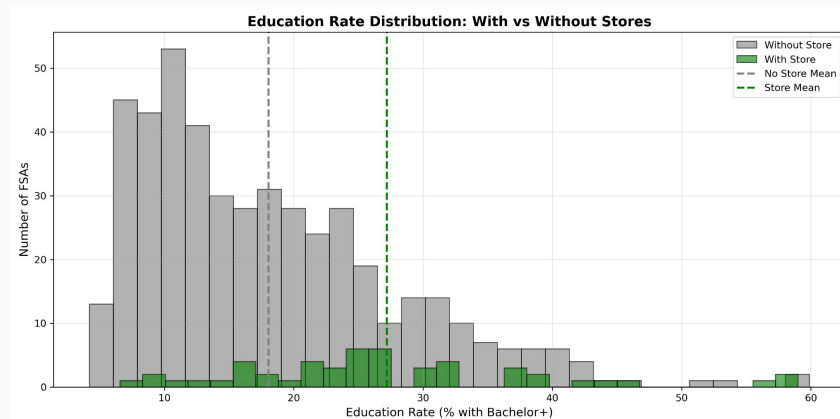
The Findings

- **51% HIGHER** Education rates in store vs non-store FSAs
- 27.2% vs 18.0% with bachelor's degrees or higher



Why It Matters

- Highly significant ($p < 0.001$)
- Large effect size ($d = 0.83$)
- #1 predictor among all variables tested



6 Factors Tested: Ranked by Statistical Importance

Rank	Factor	Finding	Significance
1 🏆	Education Rate	+50.7%	*** (Large)
2 🥈	Median Age	-6.5% (younger)	*** (Medium)
3 🥉	Population	+31.6%	** (Small-Med)
4	Density	+98.6%	* (Small-Med)
5	Household Size	+9.1%	*** (Small)
6	Income	+5.7%	ns (Small)

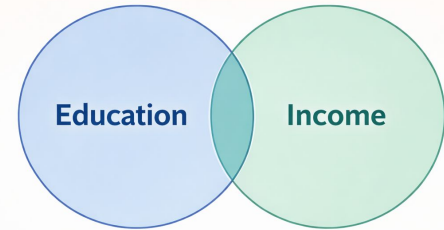
Education Predicts Workforce Stability, Not Income

The Insights:

- Education correlates with employment ($r = 0.87$)
- High-education areas = stable, employed customer base
- Consistent shopping patterns, repeat visits

The Implication:

- Farm Boy succeeds across **DIVERSE** income levels
- \$85K-\$120K range (not just \$129K+)
- 40% larger addressable market



MARKET SEGMENTATION: Three Distinct Market Types Identified

1

Urban
Professionals

- High education (35%+), moderate income (\$95k)
- Dense areas (>5,000/km²)
- 22% of stores



2

Suburban
Families

- Mixed education (28%), high income (\$110k+)
- Medium density (1,500-3,500/km²)
- 56% of stores



3

Affluent
Established

- Lower education (22%), very high income (\$120k+)
- Low density (<1,500/km²)
- 22% of stores



Understand Markets: Where to Expand

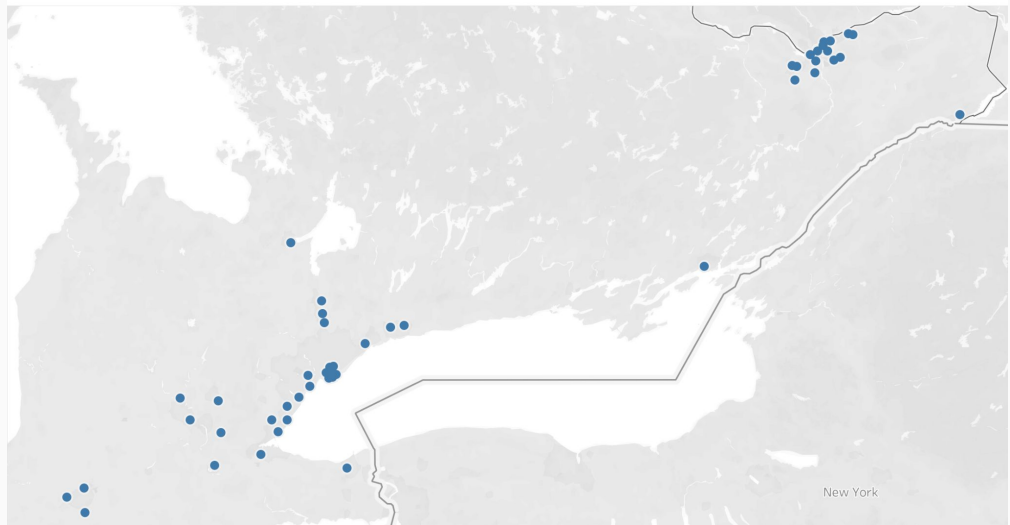
Current Penetration:

- Eastern Ontario: 35% of stores (saturated)
- GTA: 27% (optimal)
- Toronto: 22% (strategic)
- **Southwestern Ontario: 16% (opportunity!)**

The Gap:

- Southwestern Ontario has similar demographics
- 8-12 viable FSAs identified
- \$40M-\$60M revenue potential

51 Stores across Ontario



Data-Driven Site Selection Criteria

OLD Approach (✗):

- Primary filter: Income > \$100k
- Result: Narrow market, missed opportunities

NEW Approach (✓):

- **Primary Criteria:**
 1. Education $\geq 22\%$ (MOST IMPORTANT)
 2. Age 38-43 years
 3. Population $\geq 25,000$
 4. Density 1,500-5,000/km²
- **Secondary:** 5. Income \$85k-\$120k (broad range)

Projected Impact & ROI

25-35%

Reduction in site evaluation errors

40-60%

Faster screening process

\$200K-\$400K

Annual savings in evaluation costs

40%

Larger addressable market

8-12

New viable locations identified

\$40M-\$60M

Revenue opportunity

Three Strategic Insights

1. Challenge Assumptions

- Income \neq Success (data proved this wrong)
- Always test conventional wisdom

2. Education > Income

- Strongest predictor: 50% higher education rates
- Workforce stability matters more than wealth

3. Data-Driven Expansion

- 8-12 underserved FSAs identified
- \$40M+ opportunity in Southwestern Ontario



Questions?

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