

# Market Analysis: Data-Driven Site Selection Strategy

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Identifying What Drives Grocery Retail Success in Ontario

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[https://github.com/jordanchow1/farmboy\\_expansion](https://github.com/jordanchow1/farmboy_expansion)

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

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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:

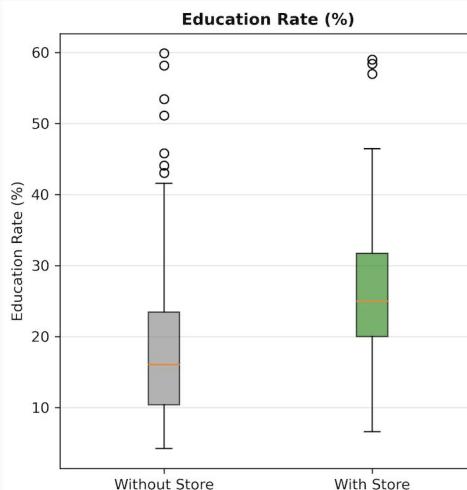
- Income: NOT SIGNIFICANT ( $p > 0.05$ )
- Only 5.7% higher in store locations
- Effect size: Small ( $d = 0.23$ )



# Education Level is the Strongest Predictor

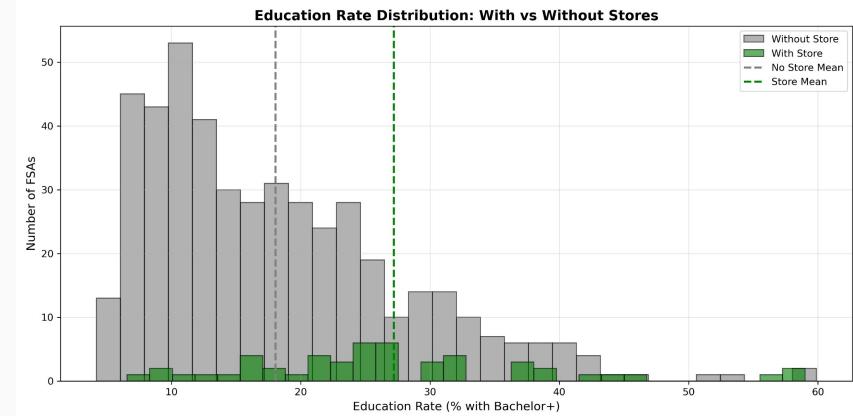
## The Findings

- **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)

## What This Means

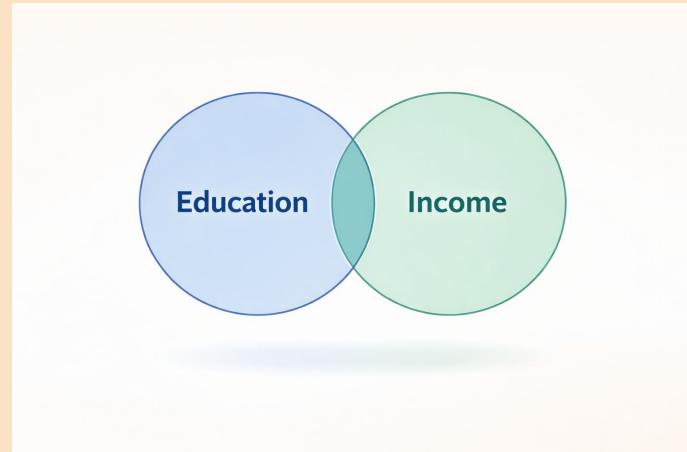
# Education Predicts Workforce Stability, Not Income

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

2

Suburban  
Families

3

Affluent  
Established

- High education (35%+), moderate income (\$95k)
- Dense areas (>5,000/km<sup>2</sup>)
- 22% of stores



- Mixed education (28%), high income (\$110k+)
- Medium density (1,500-3,500/km<sup>2</sup>)
- 56% of stores



- Lower education (22%), very high income (\$120k+)
- Low density (<1,500/km<sup>2</sup>)
- 22% of stores



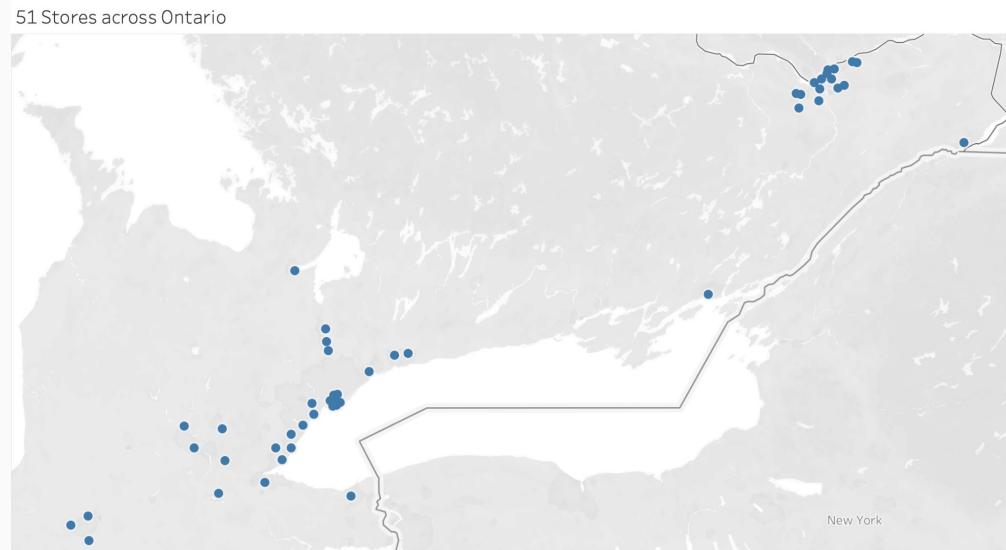
# Understand Markets: Where to Expand

## 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



# 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/km<sup>2</sup>
- **Secondary:** 5. Income \$85k-\$120k (broad range)

# Projected Impact & ROI

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**25-35%**

Reduction in site evaluation errors

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**40-60%**

Faster screening process

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**\$200K-\$400K**

Annual savings in evaluation costs

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**40%**

Larger addressable market

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**8-12**

New viable locations identified

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**\$40M-\$60M**

Revenue opportunity

# Three Strategic Insights

## 1. Challenge Assumptions

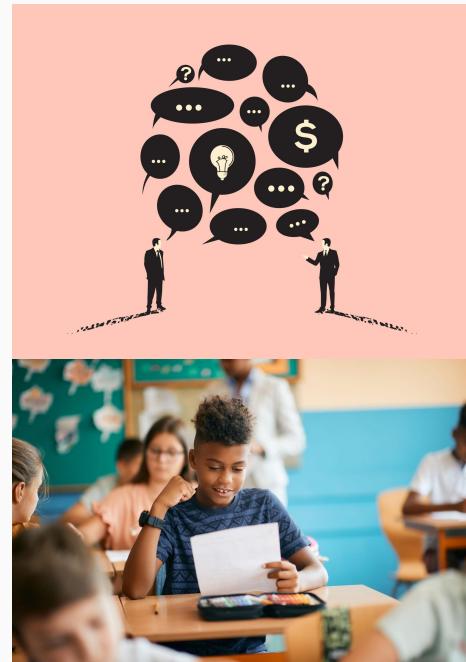
- Income ≠ Success (data proved this wrong)
- Always test conventional wisdom

## 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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