

Competitive Assessment Barometer (CAB) Report

Thanks for using the Competitive Assessment Barometer. We think that you will find it to be a valuable tool to use in your quest for store improvement. Constant improvement, as you know, is a must. Your store is dynamic and your market place ever-changing. It is important that you keep abreast of these changes and align your store in the proper position to take advantage of this constantly changing environment. This study can help you do that.

In this report, the Competitive Assessment Barometer will be hereafter referred to as CAB. The CAB uses an extensive amount of mathematical equations to give you a great deal of feedback from the 20 questions that you ranked in regard to the relationship between your store and your competitors' stores. This process should be completed on an at least annual basis to help you chart your store's progress through time.

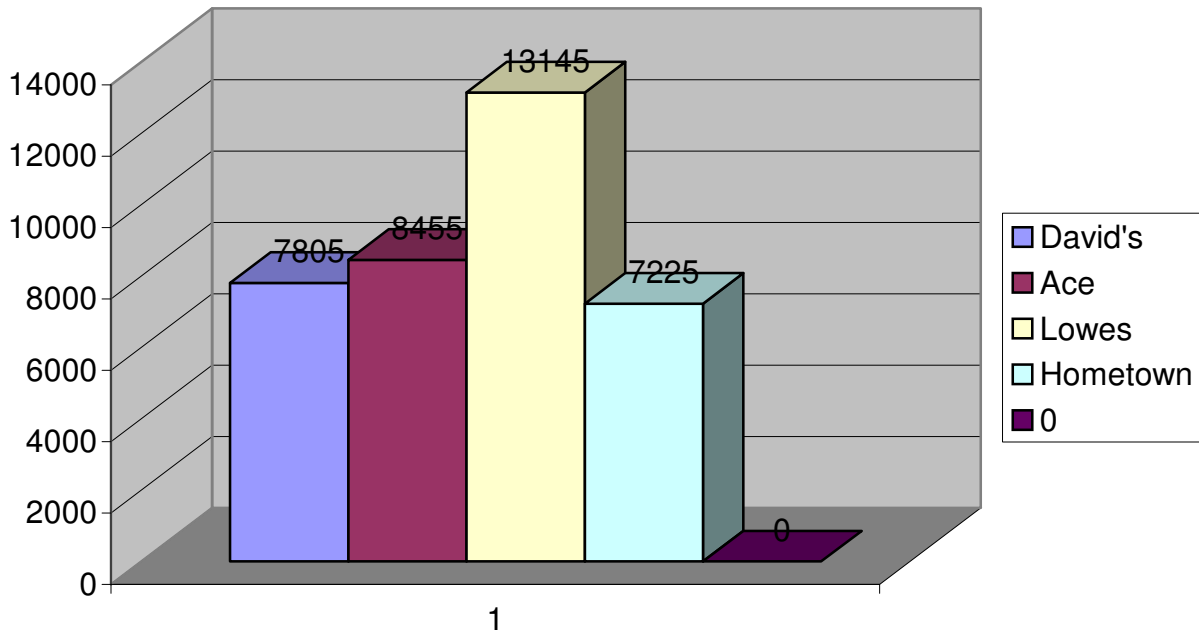
If you did not override the suggested values assigned to the spreadsheet, you will notice that the highest values are given to showroom size, frontage traffic counts, and retail pull in the area. Two of these values are specific to location, and the old realtors' mantra of "location, location, location" is rewarded both at this level of the spreadsheet as well as within the internal equations. The rationale, of course, is that in regard to exposure, more is better.

This report shows information sorted and evaluated from a number of perspectives. It can be confusing and we want you to gain as much from it as you can. Therefore, if you have questions regarding the report, or have suggestions to make it even more powerful, please email us at administrator@discoverdbr.com.

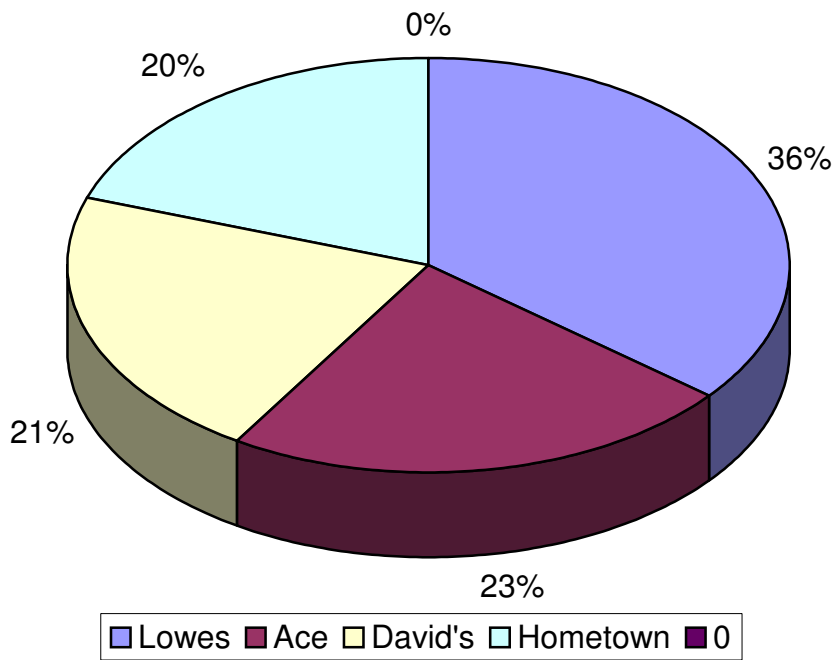
Your study consisted of four stores including your own. Lowes ranked as the top performing store in your trade territory with a rough score of 13145. Your store ranked third of the four competitors with a rough score of 7805. The rough score refers to the total composite values assigned to both the objective and subjective portions of the assessment questionnaire.

On the following page you will see two charts, the first chart represents the rough scores of all of the competitors in your study. The second chart takes those rough scores and regenerates them into a more easily analyzed percentile format. For this chart, the sum of the assessed points will be computed as a fraction of the whole. Don't misunderstand this as representing the total of the available business, for in many cases, the two top performing retailers dominate the market place.

CAB Rough Composite Scores

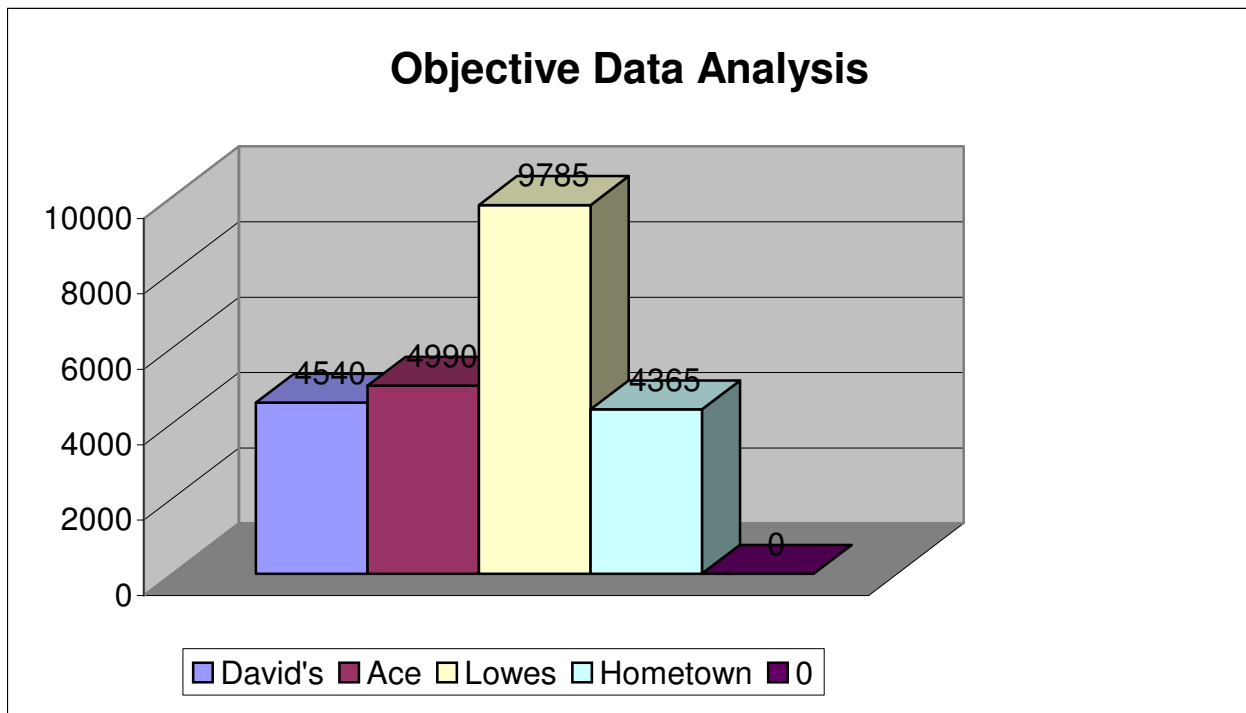


Attribute Performance by Percentile Sort



This chart illustrates that of all points dispersed Lowes received 36% of those total points. The balance of the points were distributed as the chart illustrates.

The next chart illustrates the breakdown for points assigned to the **objective** half of the assessment questionnaire. We elected to use raw data points to let you know where your store stood in this very important contrast. The objective part of the questionnaire contained the most valuable of the compared qualities. Two of these highest valued attributes, frontage highway counts, and retail pull within a 3 block radius are not within your control, unless relocation is possible. All historical data and opinion supports the importance of these two somewhat static qualities.

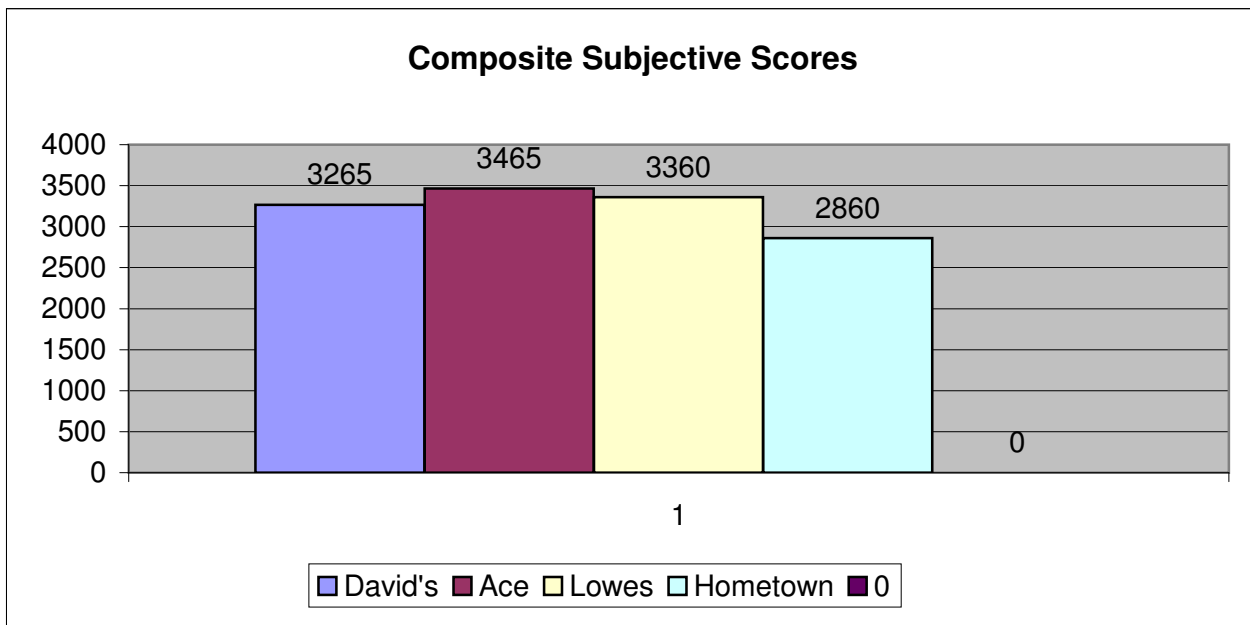


If your store is number one or a close number two in this portion of the assessment, you can compete at the level of your highest aspiration and financial ability. If your store is dominated in this portion of the assessment, however, your best strategy probably lies in reexamining your store's slotting. Perhaps you should consider becoming a product driven niche store, (See Chapter 10 of Discovery Based Retail). A product driven niche store is not as affected by location, traffic pull or building size as is a destination store or a regional competitor slotted store.

It is also worth mentioning that the stores with which you compare yourself should be your head to head competitors and not those that merely overlap in a few areas. In this regard, if you are already operating as a niche store, either product or price driven, unless a competitor is positioned in exactly the same niche and in the same way, it may be difficult to isolate competitor: for this head to head comparison.

The following chart shows the **subjective** points assigned to each of the various competitors. You will notice that there are fewer points in this half of the study. That is because of two factors. The three highest assigned point categories are in the objective half of the worksheet plus the innate algorithms compute those categories at even higher values.

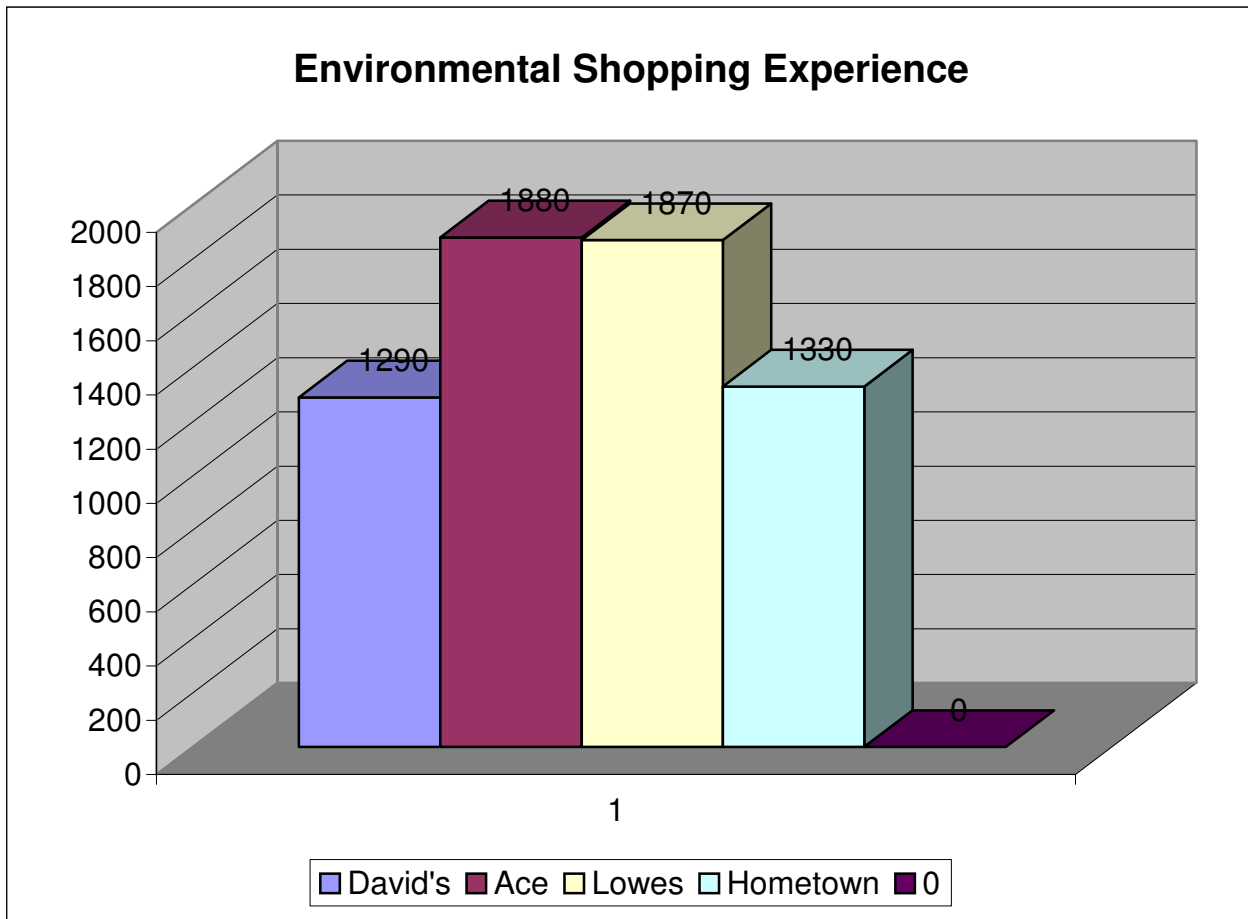
In looking at this chart of subjective point totals you are looking at things that are readily within your control. That is not as true with the characteristics isolated in the objective section where many of the considerations are very site specific.



Your store, **should** have the highest marks in this portion of the analysis. Remember, other than the question about ease of entry into your parking area, every other attribute of the subjective analysis can be readily controlled. Look at the list. With many of these items you can start implementing plans to change today. This exercise for the sake of exercise is pointless! It's worse than that! It's simply a waste of time unless you act upon what you have learned. Call your team together today, share this data with them and start planning your strategy!

Let's take a look at some other information that is revealed by the CAB. You probably noticed that the questions in the survey were color coded. Those colored aqua pertain to the environmental characteristics of the shopping experience in your and your competitors' stores. The following

chart illustrates how your store performed in this important comparison. This chart will give you a "feel" for the way consumers might contrast the shopping experience in the various stores.



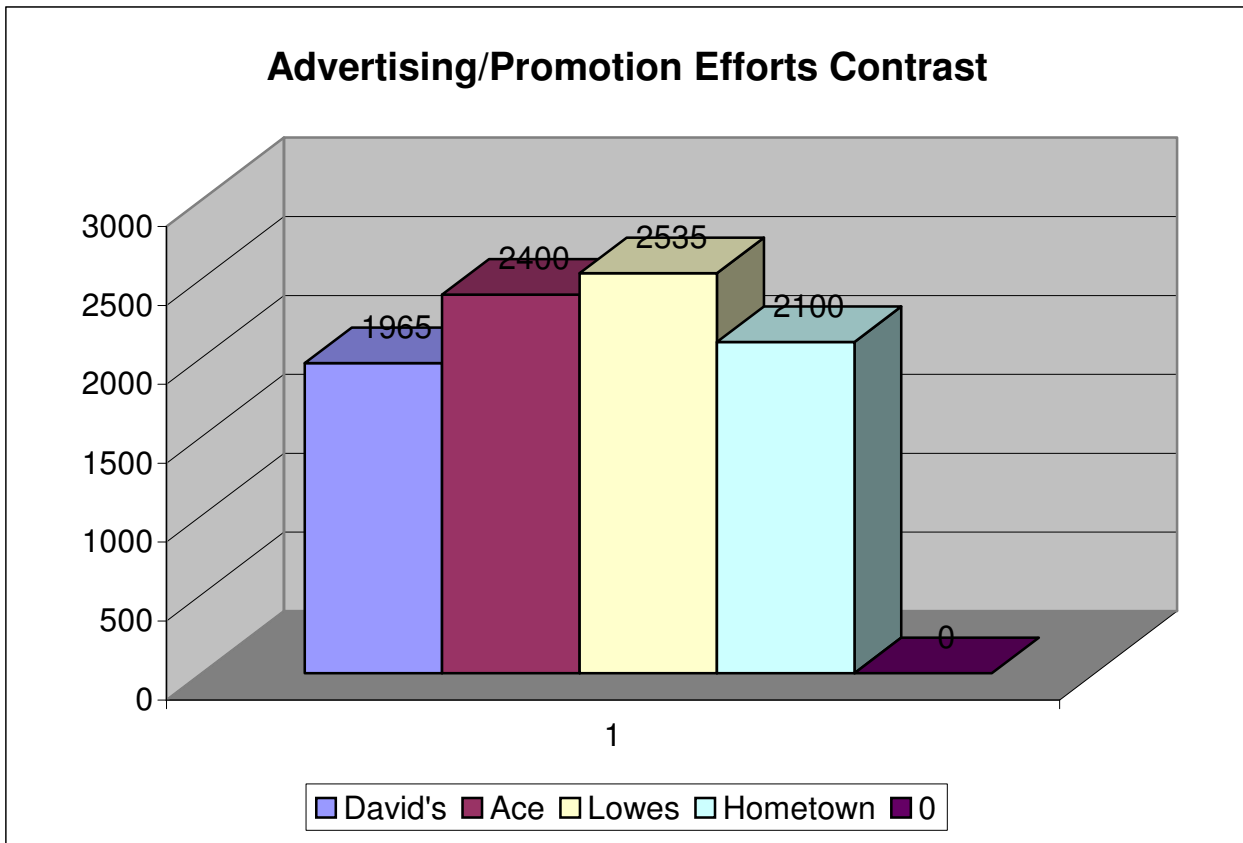
How effectively do you and your competitors communicate with consumers? As we discussed in the chapter on advertising in Discovery Based Retail, the key points to making advertising effective are frequency and creating emotional attachment. The questions highlighted in orange on the CAB are structured to determine the type of repetition and community involvement that can foster success in these areas.

The spreadsheet's inner-workings put a premium value on both frequency of advertising and involvement of store personnel within community. In his book "The Paradox of Choice", Barry Schwartz makes a good case for what he calls "opportunity costs". His point being that whatever any of us chooses about anything, there are "costs". To take his premise to a most elemental

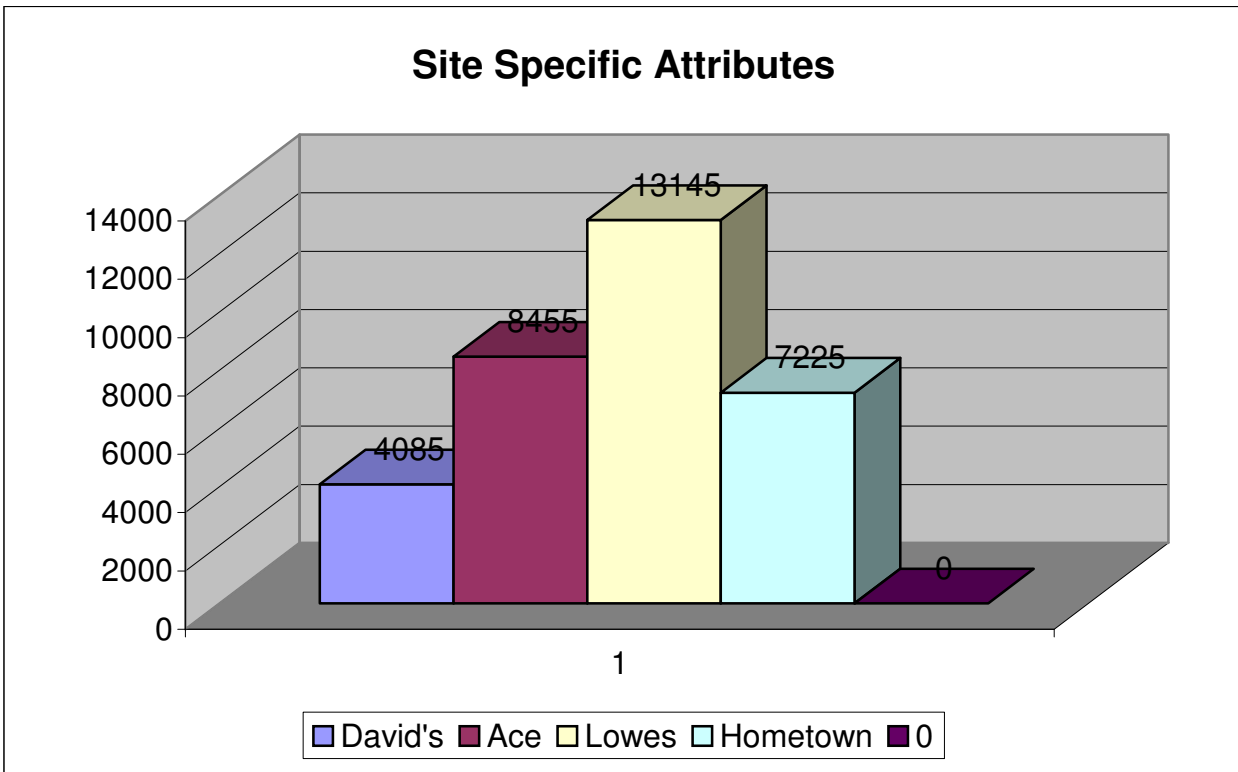
example, if I go out to dinner tonight and order chicken, I not only have the cost of the chicken, but I have the cost of not being able to order the beef or fish. Those are "opportunity costs".

Here's how I think that that applies to your "community involvment". Let's say that you are active in and/or supportive of a particular civic group or organization, and another member of that group makes purchases elsewhere, each time that he greets you he has the "opportunity costs" of having to acknowledge, if only to himself, that he did not support those who supported his group or fraternity of acquaintances. I believe that this is powerful motivation and that community involvment for a store manager is important everywhere, but **critical** in small towns.

The following chart shows the results of that part of the questionnaire.



The final chart contrasts site specific attributes. The questions that are used for this contrast are highlighted in the bright pink color. These characteristics are typically not changeable save relocation to a more favorable site. If you are considering that, you can actually use the CAB to help you consider those options. Once again, if your site is prohibiting you from reaching your goals you should consider how it is influencing your business. If your store receives low marks on this section of the CAB and relocation is absolutely not an option, once again we encourage you to review your stores slotting and reevaluate your strategy. See Chapter 10 of Discovery Based Retail.



We want to emphasize that the numbers generated in this study are not as important as the process itself. The numbers do, however, give you an easy way to quantify the data that you accumulate. If you have questions about the spreadsheet or if you have suggestions for its improvement, please email us at administrator@discoverdbr.com.