

Regression Modeling® Effectively Maps Branch Potential

Location is not the most important factor in profitable branch planning.

The concept that “Location, Location, Location” is the primary key to high volume and high profitability for bank or credit union branches is a myth. Unfortunately, too often the quest for a good location leads a financial retailer into a poor or marginal market. If a site is good but market potential is poor, it becomes virtually impossible to create a profitable operation.

For any potential site, market potential must be evaluated first.

A comprehensive market evaluation study must be implemented and reported upon before a specific site is considered. Maximizing the market potential hinges on an evaluation of the positive strengths of the consumer and retail/commercial business markets, as well as the negative impact of competition – how many and what types are in the trade area. Facility site is an integral, but not separate, determining factor. Other important factors which positively or negatively affect the viability of the market include: trade area density, trade area quality, population growth and age profile, plus household income factors.

Regression modeling generates sales potential data.

All these factors are analyzed through the GRFI Regression Model. 48 separate factors are analyzed in relationship to each other to evaluate a market through the regression model. Logic and our regression data support the premise that population, demographics and future growth potential in a market would supercede a good location. The relative strength of a market within our regression modeling accounts for 70% to 75% of an existing or potential unit's score, i.e. ultimate sales and profit potential within our Regression Modeling System.

For more information, please call GRFI/The Frerichs Group at 888-856-5161.