

The Restaurateurs Dilemma

By Dee Trainham



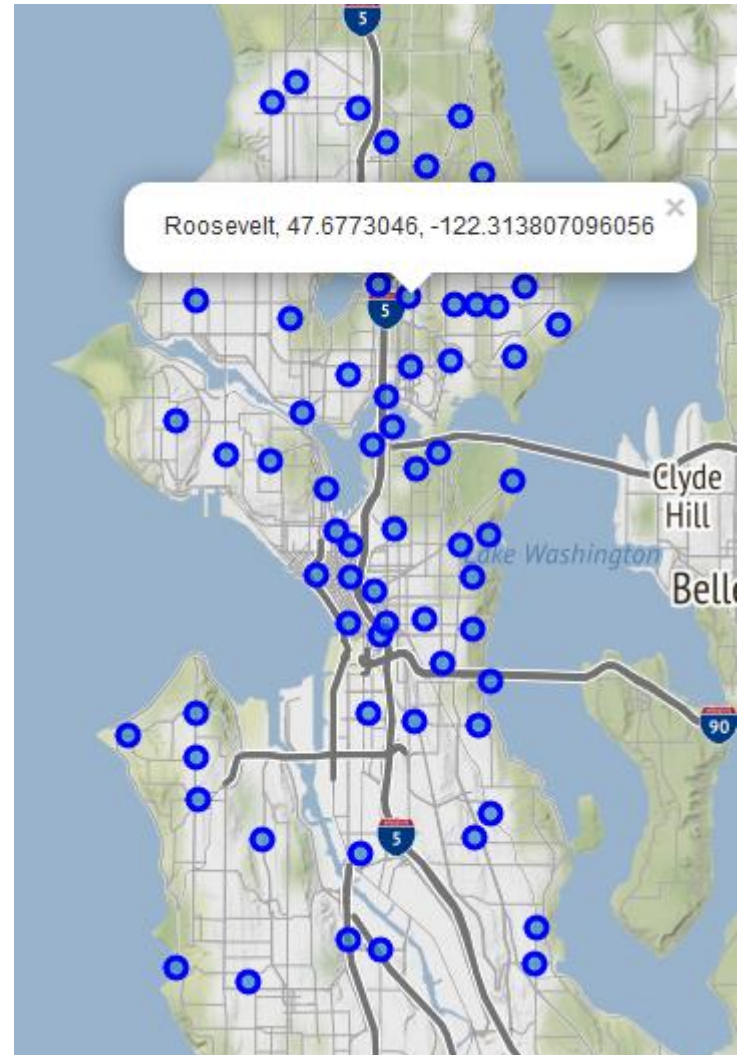
The Dilemma

A restaurateur with ten years' experience in the trade has two restaurant locations serving general fare at competitive prices in the cities of Seattle Washington and Vancouver British Columbia. The Seattle location is in the neighborhood of Roosevelt in the Northern part of the city while the Vancouver location is in the neighborhood of Kitsilano in the Western part of the city. Currently they both receive average levels of patronage with each making a profit of 2,000 dollars weekly. Both the Seattle and Vancouver restaurant locations have now been open for a full three years which means that the restaurateur now has over 300,000 dollars from each location to reinvest into the business. The restaurateur is really thinking about the future and how to grow the business and sees three possible options:

- Option 1: Create a new location in a new neighborhood in either city
 - Option 2: Change the menu from general faire to something more suited to neighborhood tastes
 - Option 3: relocate the restaurant to a neighborhood with other similarly priced faire
- < or a combination of the options above >

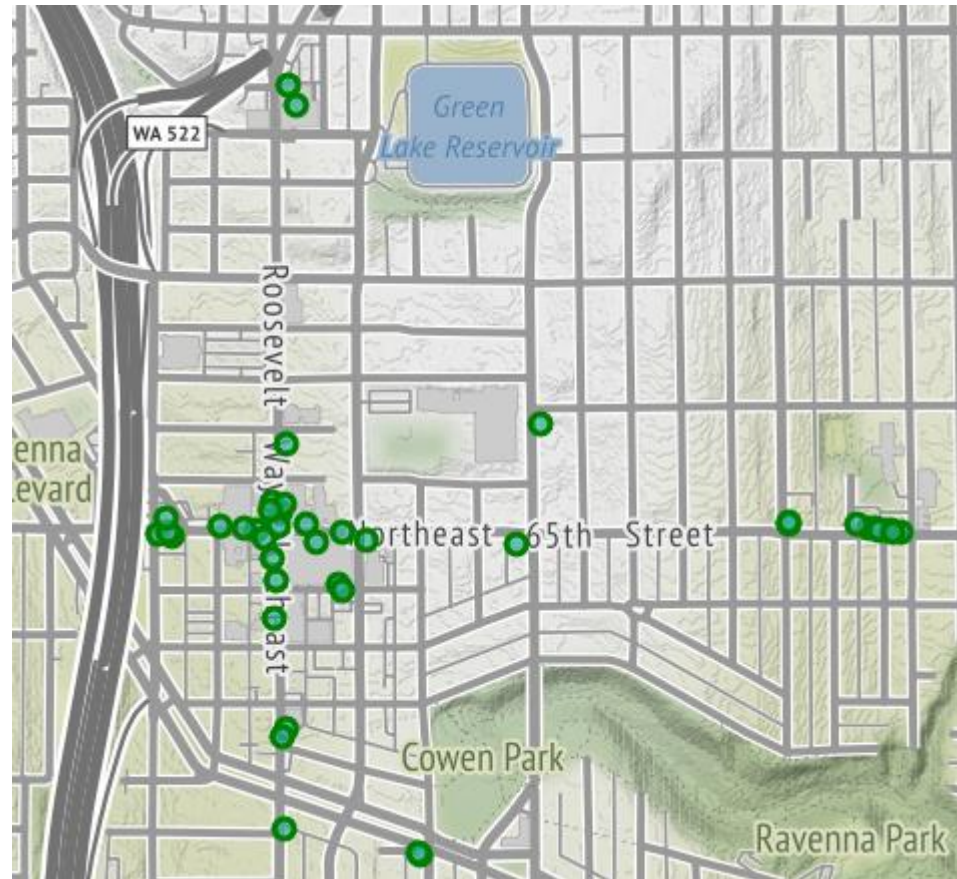
Lets look at the Neighborhoods

Seattle has a large number of neighborhoods, this is partly due to the neighborhoods being independent cities at one time. Roosevelt is located in the North of the city.



Lets look at the Neighborhoods

Roosevelt venues seem to grouped around a major road intersection



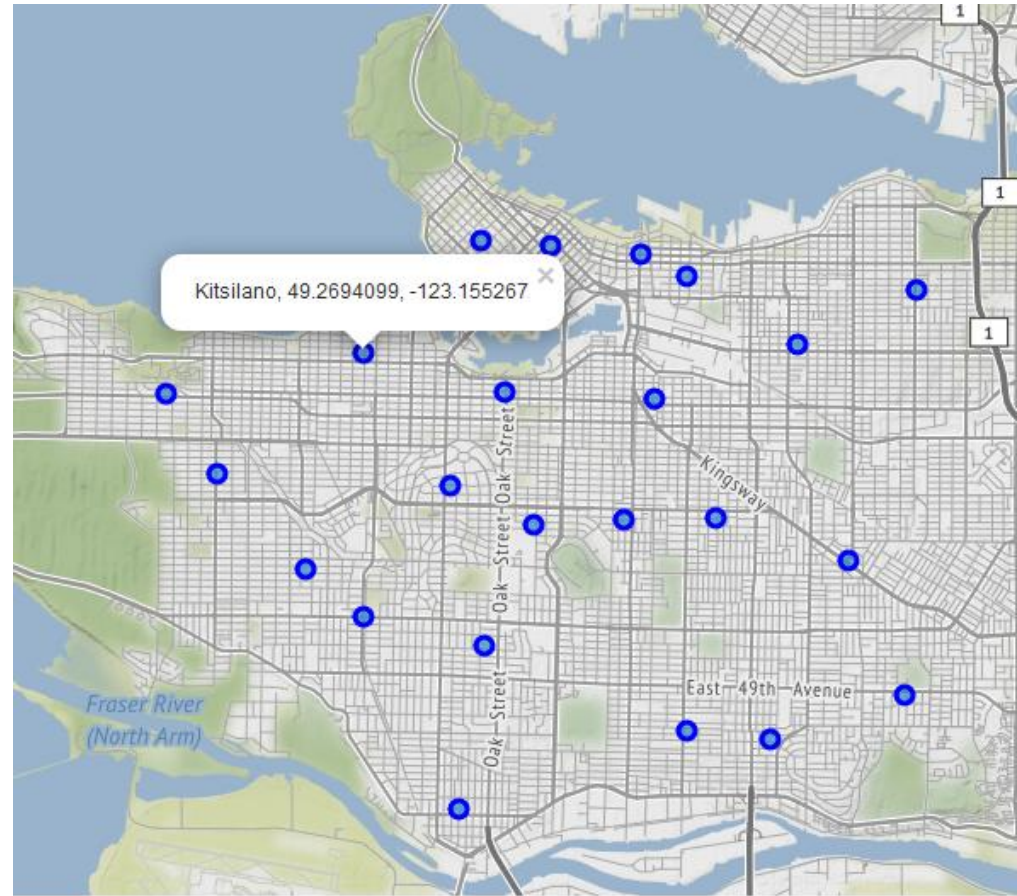
Lets look at the Neighborhoods

Coffee Shops (all five of them) make up nearly 7 percent of all food venues in Roosevelt so the restaurateur should be counseled against changing their business to a coffee shop as the local market is pretty saturated with caffeine

Coffee Shop	5
Bar	3
Vegetarian / Vegan Restaurant	3
Burger Joint	3
Grocery Store	3
Vietnamese Restaurant	2
Mexican Restaurant	2
Southern / Soul Food Restaurant	2
Pub	2
Pizza Place	2
Bakery	2
Indian Restaurant	2
Thai Restaurant	1
Sushi Restaurant	1
Bagel Shop	1
Italian Restaurant	1
Gourmet Shop	1
German Restaurant	1
Farmers Market	1
Creperie	1
Café	1
Breakfast Spot	1
Greek Restaurant	1

Lets look at the Neighborhoods

Vancouver has far fewer neighborhoods than Seattle as it was designated a city before many of the areas of the city were settled. Kitsilano is located in the Western part of the city



Lets look at the Neighborhoods

Kitsilano venues seem to be distributed along an avenue that divides the neighborhood in half as well as near the waterfront area



Lets look at the Neighborhoods

Coffee Shops (all 11 of them) make up over 11 percent of all food venues in Kitsilano so the restaurateur should be counseled against changing their business to a coffee shop as the local market is pretty saturated with caffeine. Sushi Restaurants also make up five percent of local venues.

Coffee Shop	11
Sushi Restaurant	5
Restaurant	5
Bakery	4
Burger Joint	3
Café	3
Pizza Place	3
Japanese Restaurant	3
American Restaurant	2
Grocery Store	2
Thai Restaurant	2
Tea Room	2
Seafood Restaurant	2
Noodle House	2
Ice Cream Shop	2
Italian Restaurant	2
Vegetarian / Vegan Restaurant	2
French Restaurant	2
Food Truck	2
Ramen Restaurant	1
Bagel Shop	1
Bar	1
Breakfast Spot	1

Options ?

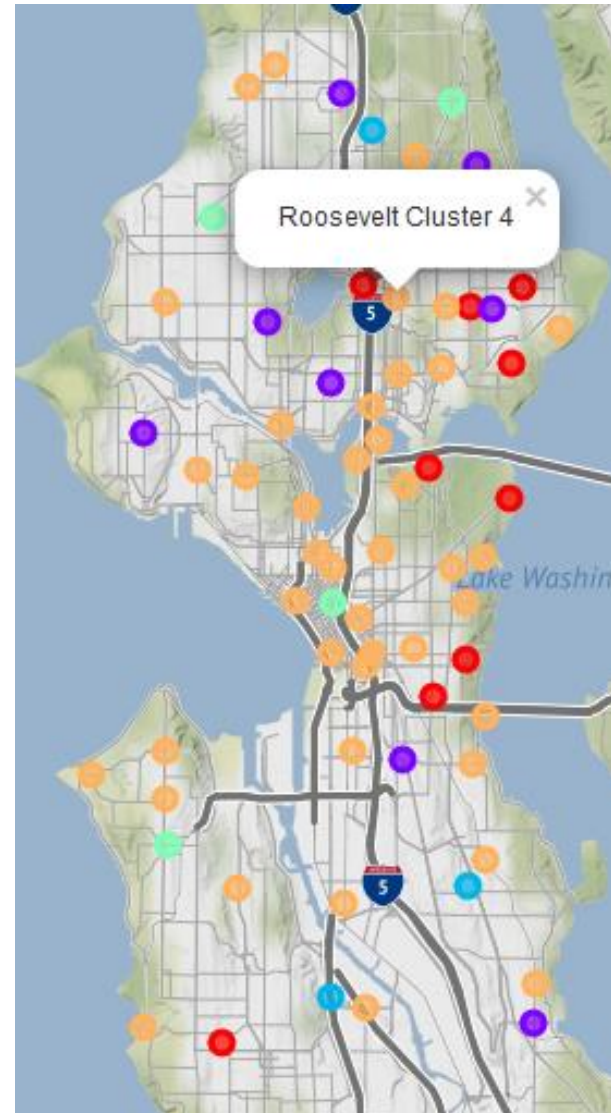
Now that we know about the neighborhoods where the restaurateur currently has locations we can advise them about option 2 and that is if they want to theme their restaurants as long as they are not coffee shops (or sushi) they have a good chance of being successful.

Clustering the Neighborhoods

Since we now know about the neighborhoods of interest we should examine how they relate to (cluster with) other neighborhoods in their respective cities. This will be a good indicator of the diversity of food venues on offer and be good advice to the restaurateur on option 3 which would be to move their venues to another neighborhood.

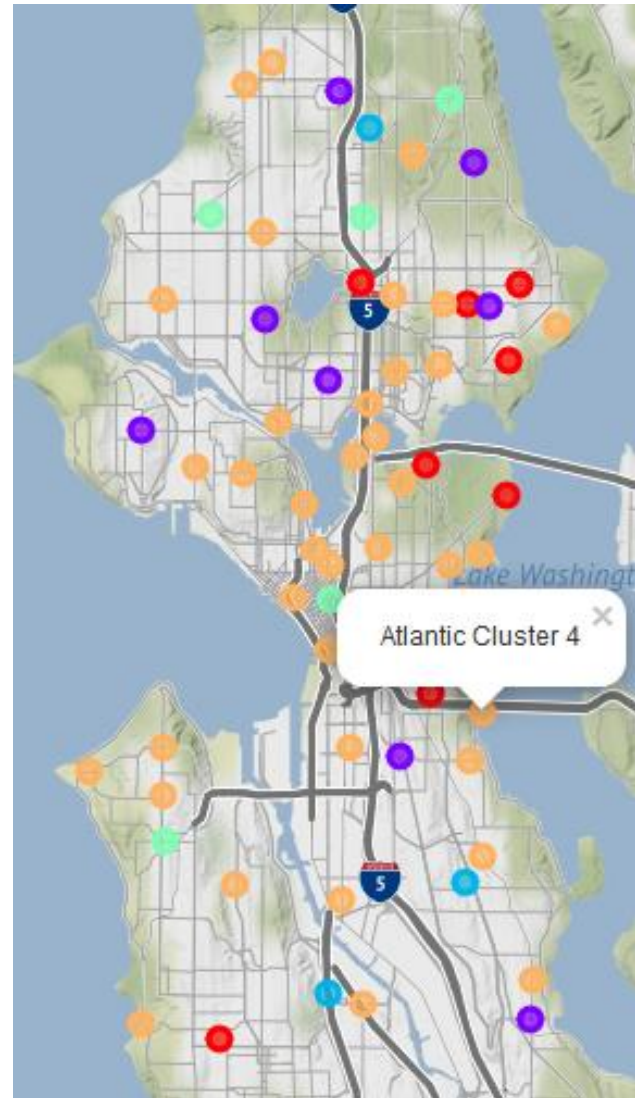
Seattle Clusters

If we cluster all venues throughout Seattle into five clusters we can see that Roosevelt shares membership with many other neighborhoods



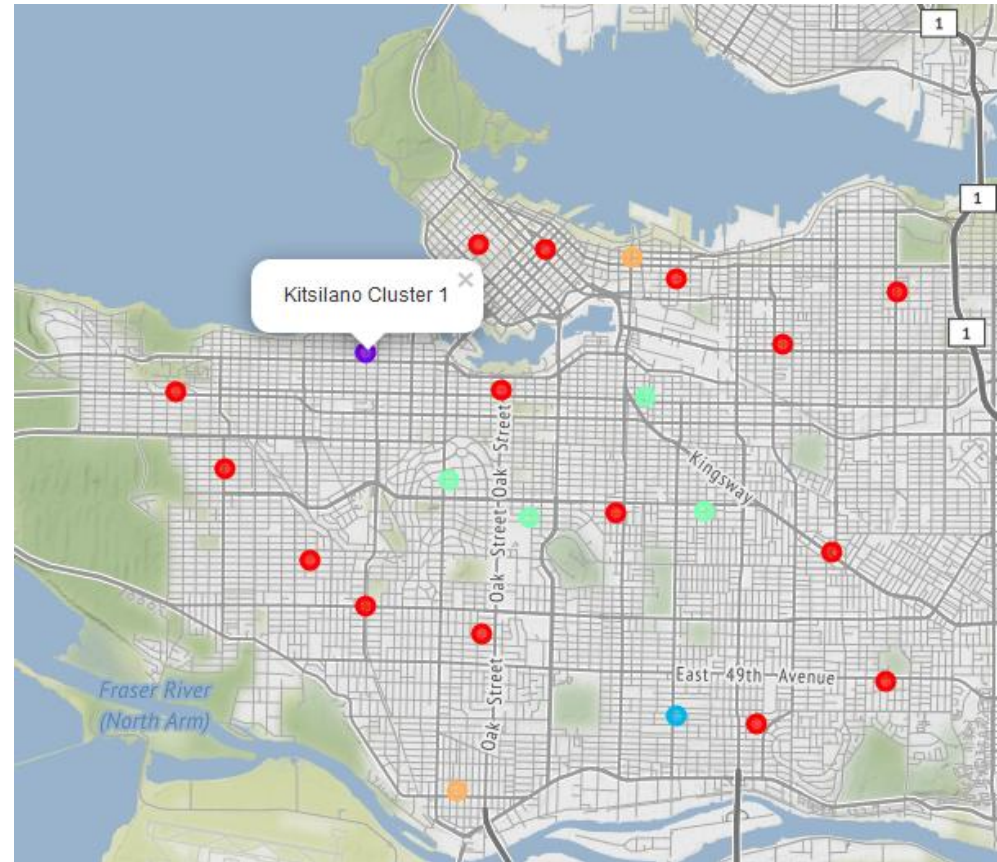
Seattle Clusters

It looks like both the Neighborhoods of Roosevelt and Atlantic are in Cluster 4 maybe this tells us something about a lack of venue diversity in both Neighborhoods?



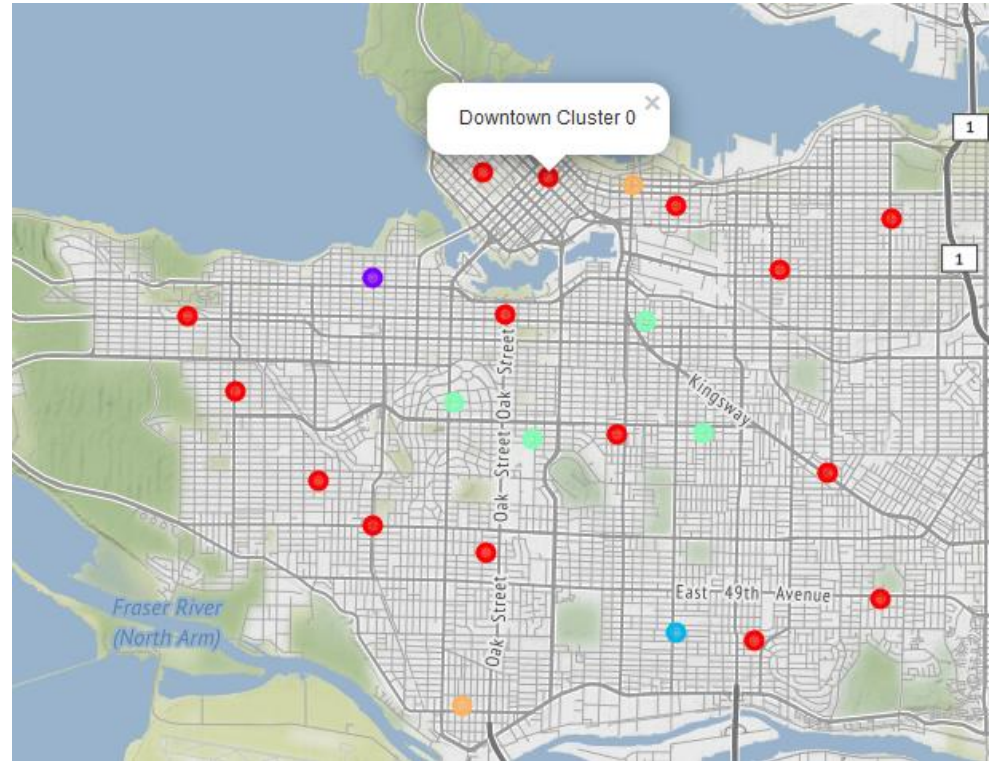
Vancouver Clusters

If we cluster all venues throughout Vancouver into five clusters we can see that Kitsilano is in its own cluster perhaps it has high diversity of offerings compared to other neighborhoods



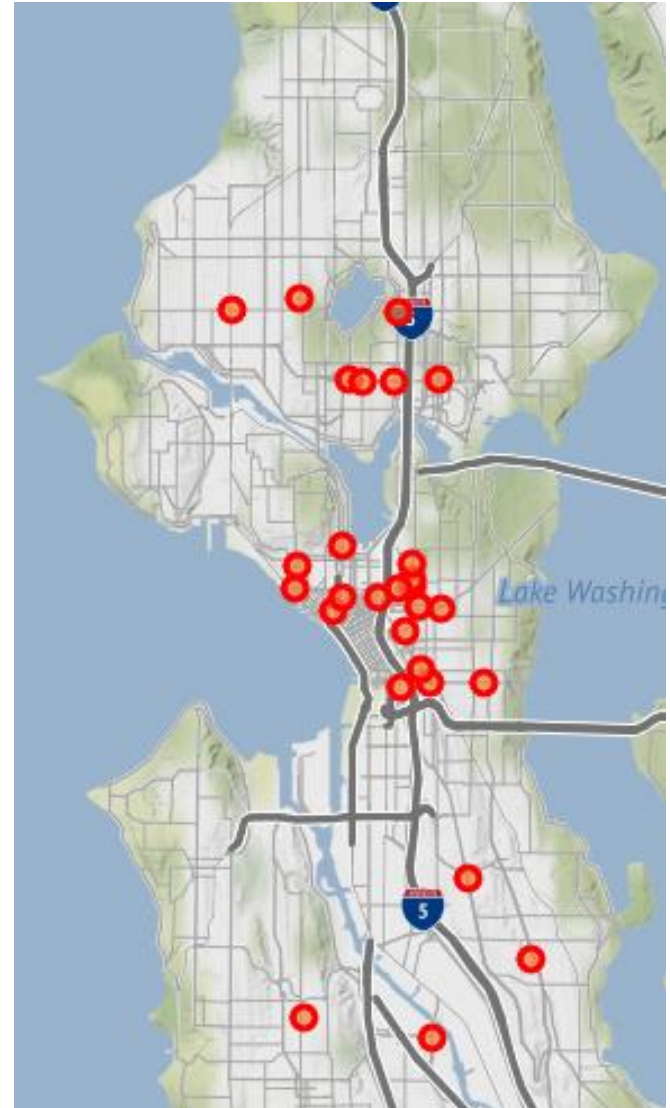
Vancouver Clusters

What about other neighborhoods such as Downtown? And what can newspaper and Foursquare reviews tell us about cheap eats?



Seattle Reviews

The Neighborhood of Capital Hill seems to be a favorite with 7 of 27 reviewed venues.



Seattle Reviews

All Capital Hill Venues



Reviewed Capital Hill Venues

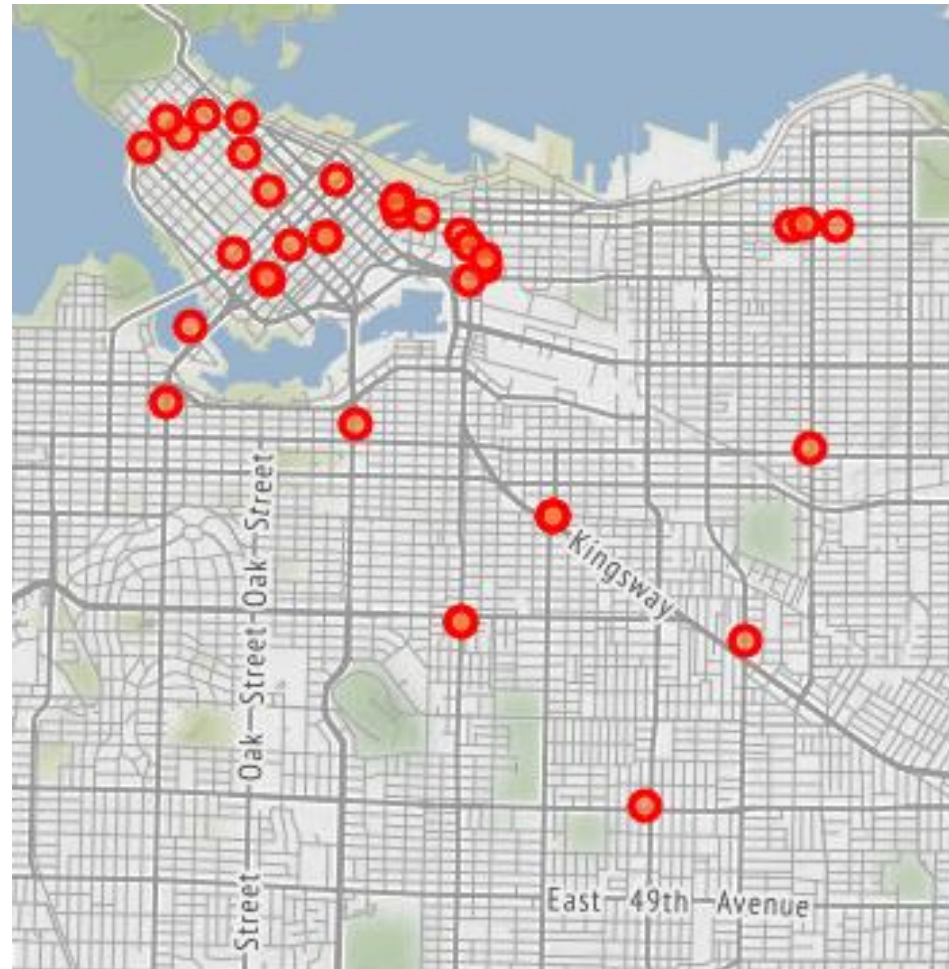


Seattle Reviews

Notice the difference that the reviewed venues tend to be in the south part of the neighborhood and none in the Eastern part have been reviewed. This is something our restaurateur should consider if moving to a neighborhood such as Capitol Hill from the current Roosevelt location. I think we have all the information we need about Seattle. Lets have a final look at Vancouver.

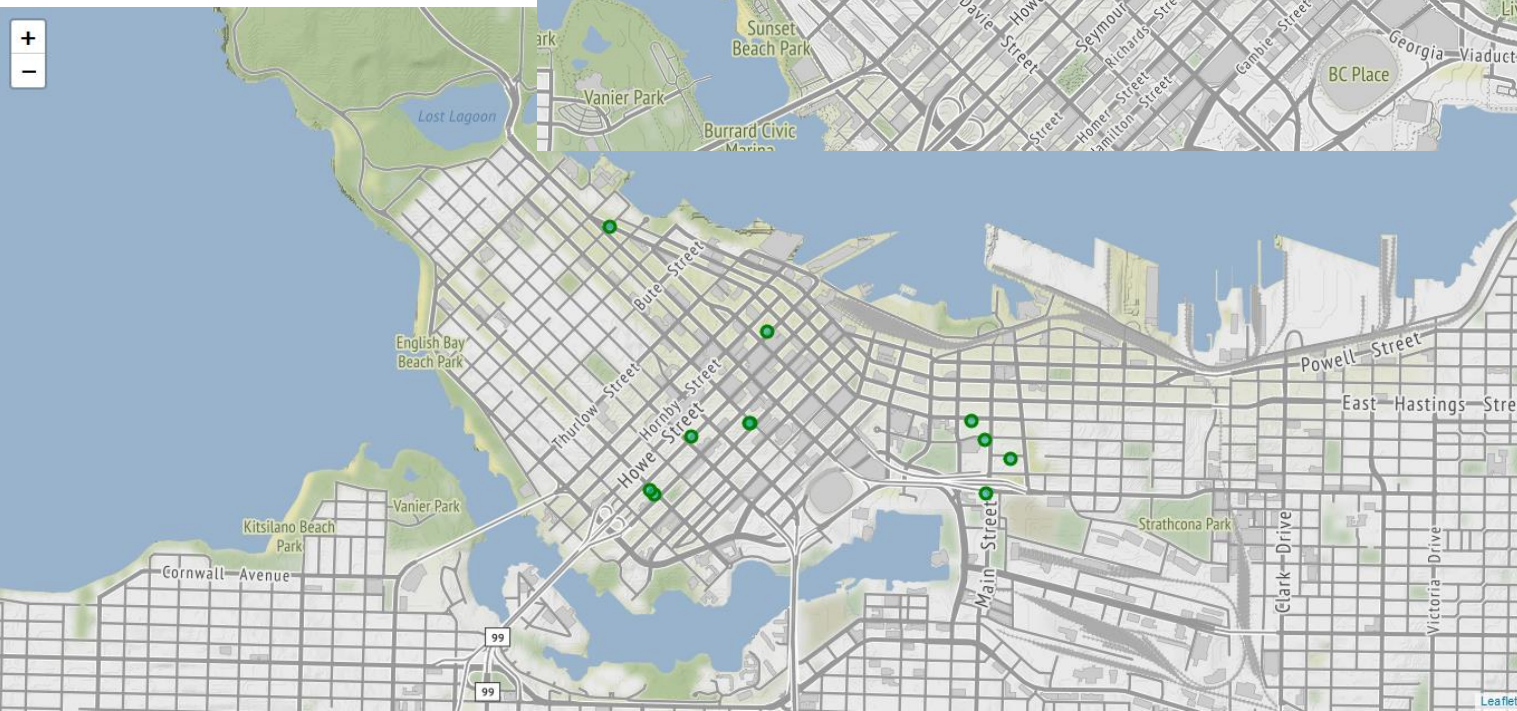
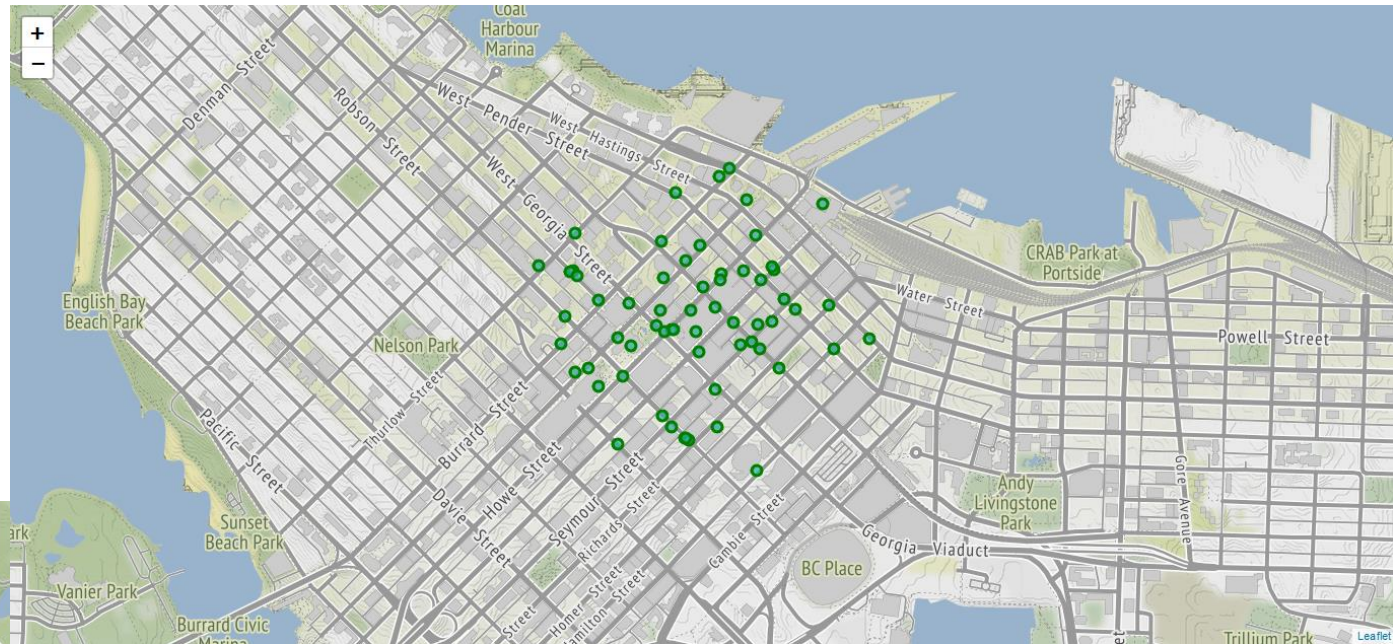
Vancouver Reviews

Downtown Vancouver seems to be a favorite with 12 of 37 reviewed venues



Vancouver Reviews

All Downtown
Venues >>>



All Reviewed
Downtown
<<< Venues

Vancouver Reviews

Notice the difference that the reviewed venues tend to be distributed across a much larger geography. This is partly due the Eastern and Southern parts of downtown being known as high crime areas in previous decades so their official names "Downtown Eastside" and "Yaletown" are not used so as to shake this reputation. This is something our restaurateur should consider if moving to a neighborhood such as Downtown Vancouver from the current Kitsilano location. I think we have all the information we need. Lets compile our report to deliver to the restaurateur.

Conclusion

The restaurateur originally gave three possible options for the future of their locations in Seattle and Vancouver:

Option 1: Create a new location in a new neighborhood in either city

Option 2: Change the menu from general faire to something more suited to neighborhood tastes

Option 3: relocate the restaurant to a neighborhood with other similarly priced faire

< or a combination of the options above >

Option 1: Create a new location in a new neighborhood in either city

Based on the data we found the restaurateur could consider this option for Vancouver due to the concentration of venues and reviews in the Downtown area of the city; however as Seattle has a more even distribution of venues this does not seem like a good option there.

Option 2: Change the menu from general faire to something more suited to neighborhood tastes

This is a viable option for both the Seattle and Vancouver locations so long as the restaurateur doesn't make their venue a coffee shop (or offer sushi as in Vancouver).

Option 3: relocate the restaurant to a neighborhood with other similarly priced faire

In the case of Vancouver this may be a good option as the current location in Kitsilano is relatively unique being the only neighborhood in its cluster. Perhaps a move to cluster 0 which Downtown is also a member would be a good option. Roosevelt clusters with many neighborhoods by comparison so moving the venue would not produce any tangible benefit.

The restaurateur appreciates the advice given and will take it onboard in making a final decision