Restaurant Feasibility Study

BURGER RESTAURANT COMPETITION IN TORONTO

There are a lot of variables that go into opening any new business, but few business ventures are as likely to fail as restaurants. Some reports indicate that as many as 90% of new restaurants close their doors within the first year!

One question any new business owner would have is; where do I open? That is exactly what this project strives to answer or at the very least provide insight on the current layout of the competition.

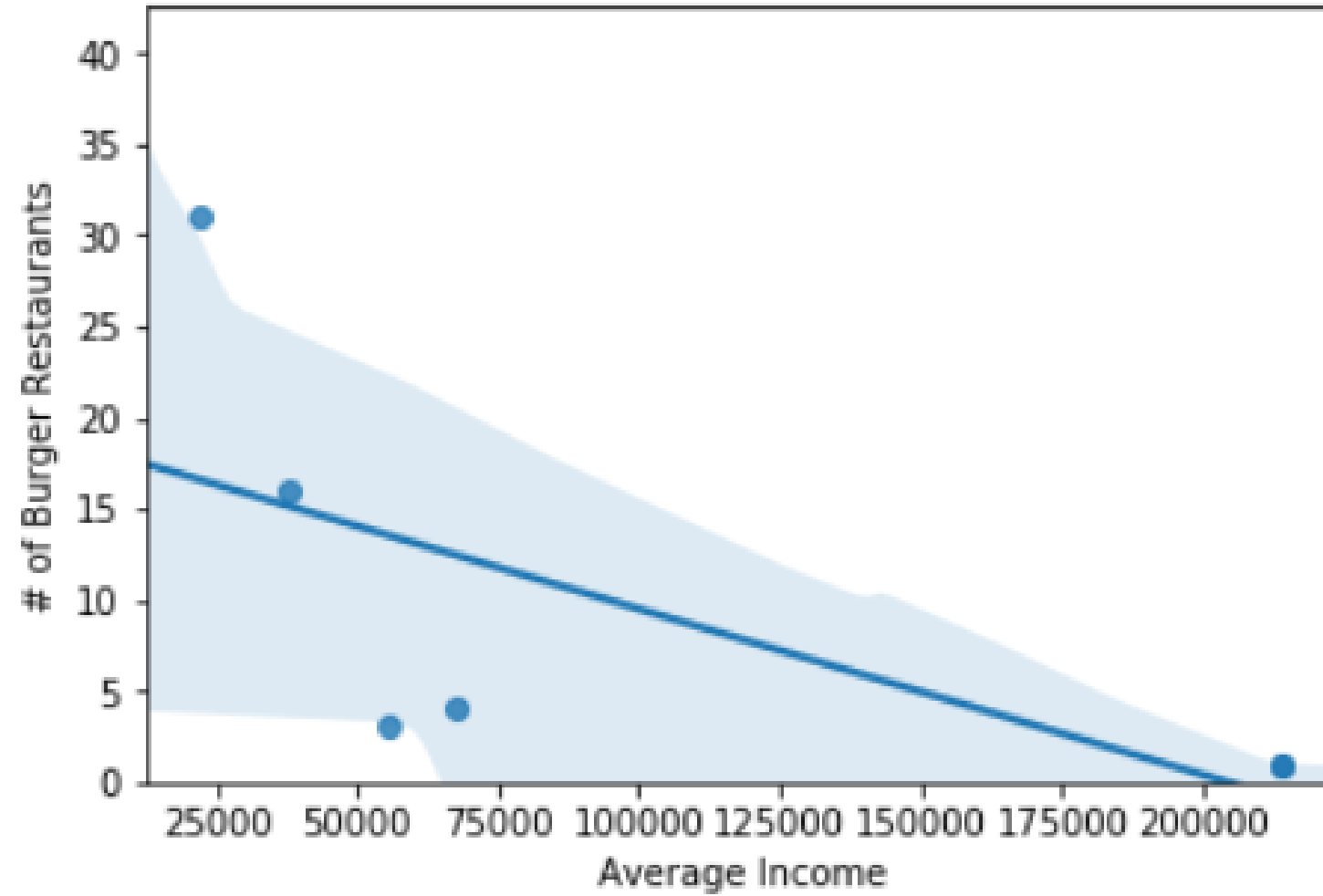|	Neighborhood	Population	Average Income	Postal Code	Borough	Latitude	Longitude	# of Burger Restaurants
0	Church and Wellesley	13397	37653	M4Y	Downtown Toronto	43.665860	-79.383160	16
1	Davisville	23727	55735	M4S	Central Toronto	43.704324	-79.388790	3
2	Lawrence Park	6653	214110	M4N	Central Toronto	43.728020	-79.388790	1
3	Rosedale	7672	213941	M4W	Downtown Toronto	43.679563	-79.377529	1
4	St. James Town	14666	22341	M5C	Downtown Toronto	43.651494	-79.375418	31
5	The Beaches	20416	67536	M4E	East Toronto	43.676357	-79.293031	4

The Data

Location data was scraped on various neighborhoods in Toronto (https://en.wikipedia.org/wiki/List_of_postal_codes_of_Canada:_M, http://cocl.us/Geospatial_data). To get a better understanding of the neighborhood demographics we also collected population and average income data and merged it all into one table (https://en.wikipedia.org/wiki/Demographics_of_Toronto_neighbourhoods). Foursquare API was used to count the number of competing restaurants in the same genre and neighborhood. All the data was aggregated into a table for statistical analysis.

Average Income is a Determining Factor in Competition

The code in our notebook could easily be adapted to compare any genre of restaurant in any location with the only adjustments being the source data.

We can see there is a lot of competition in neighborhoods where the average income is less than $50,000, especially St. James Town. Choosing a location is difficult and many factors must be taken into account. If you are confident in the quality of your product but do not have a lot of start-up funds it makes sense to open somewhere cheaper to keep overhead costs low. If you are able to spend a bit more and if you're looking to create a customer experience and not just sell food it makes sense to look for areas with average incomes between $50,000-$75,000. This range of neighborhoods that includes The Beaches and Davisville also have larger population and would be my recommendation for a start-up location. From our limited data it is hard to recommend opening a burger joint in areas earning over $100,000.