

The Battle of the Neighborhoods

Starbucks Coffee shops in Tunisia

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A. Introduction

A.1. Background & description of the business problem

Tunisia is home of thousands of cafés. Well, a cafe is never more than a few feet away; and you are never more than a few hours from your next shot of Espresso or Cappuccino. Now adding to it a Starbucks, the long-awaited US coffee giant that has decided last year to finally open several branches in the country with an ambitious plan to conquer the spiritual home of espresso. This is a good decision as the Tunisian market should already have room for both traditional cafés and Starbucks, as they target different consumers. Unfortunately, for unknown reasons, Starbucks still did not open its doors in Tunisia.

The idea of this project is to imagine as if the decision of Starbucks business development is to go ahead and open several stores in Grand Tunis. [1]

One of the first challenges that could face Starbucks is to choose the coffee shops location. The location of a coffee shop, or just about any type of business for that matter, plays a huge role in the success of the shop. Choosing the right location is a key to any good business endeavor. Hence, the concept of this project is to put myself in Starbucks team 's shoes and try to find out for them the best locations.

A.2. Problem solving concepts

In order to find the best locations for the coffee shop stores, here is what we need to look for:

- **Demographics – the who**

We need to look into “who” is in the area I’m considering. There are certain types of people that likely will be looking for coffee more than others. So, because of this, we should look for locations that has higher populations of the kind of people we’re talking about. Examples would be college students, shoppers, and lots of workforces.

- **Competition – the what**

Starbucks is one of the big names in the coffee industry. We all know who they are. However, Tunisian market is a bit different, Tunisia is still getting away from” the big chain restaurant and stores” and the coffee shops are locally owned. Therefore, the direction is to find locations that doesn’t already have a bunch of locally owned coffee shops.

- **Neighboring businesses – the where**

We should investigate locations with businesses that if you're close to, it can actually help drive the sales up more. These businesses are in locations where you do want to be operating. Examples would be boutique's stores, bookstores/libraries and family fun venues.

- **Cost of living – the how (much)**

When we're choosing the locations, we have to think about the cost of living within each area. Some areas will be more expensive than others. Metropolitan and highly urban areas typically have higher costs of living. Although this means a higher cost for entry into the market, higher operating costs, and higher rent or mortgage costs, but in the other side there is major potential for high profits. So, the direction is to evaluate the cost living index of all neighborhoods of "Grand Tunis" and then to go for the areas with higher cost living.

When we consider studying all the above factors, we can think to leverage the Foursquare location data to explore and cluster the neighborhoods of Grand Tunis and then evaluate the result based on the above selective factors in order to answer the question : where would be recommended for Starbucks to open the coffee shop stores?

A.3. Data sources

The list of data set and sources used for the purpose of this project is listed as below:

1. The Second-level Administrative Divisions, Tunisia, 2015 – Published by the University of California, Berkeley. This file contains the administrative divisions of Tunisia which include all delegations and the geospatial data. The .json file has coordinates of all cities of Tunisia. I have converted it to csv file for easy processing in my Notebook. [2]
2. I used Foursquare API to get the most common venues of the given Borough of Grand Tunis.[3]
3. Obviously, the first three factors from section A.2 (demographics, Competition and Neighboring businesses) could be generated and assessed through the result given by the leverage of the Foursquare location data to explore or compare the neighborhoods of "Grand Tunis". What is pending is to link the result with the cost living factor. For this, we are going to use the data base of the INS [4] which contains the latest official survey of the population in Tunisia.

References:

[1] [Grand Tunis— Wikipedia](#)

[2] [The Second-level Administrative Divisions, Tunisia, 2015](#)

[3] [Foursquare API](#)

[4] [The National Institute of statistics \(TUNISIA\)](#)