



L.A. Market research

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Overview

We are interested in the current market conditions after the decision to open a small robot-run cafe in Los Angeles. The project is promising but expensive, so we want to try to attract investors. We will conduct some market research on an open-source data on establishments in LA.





Summary

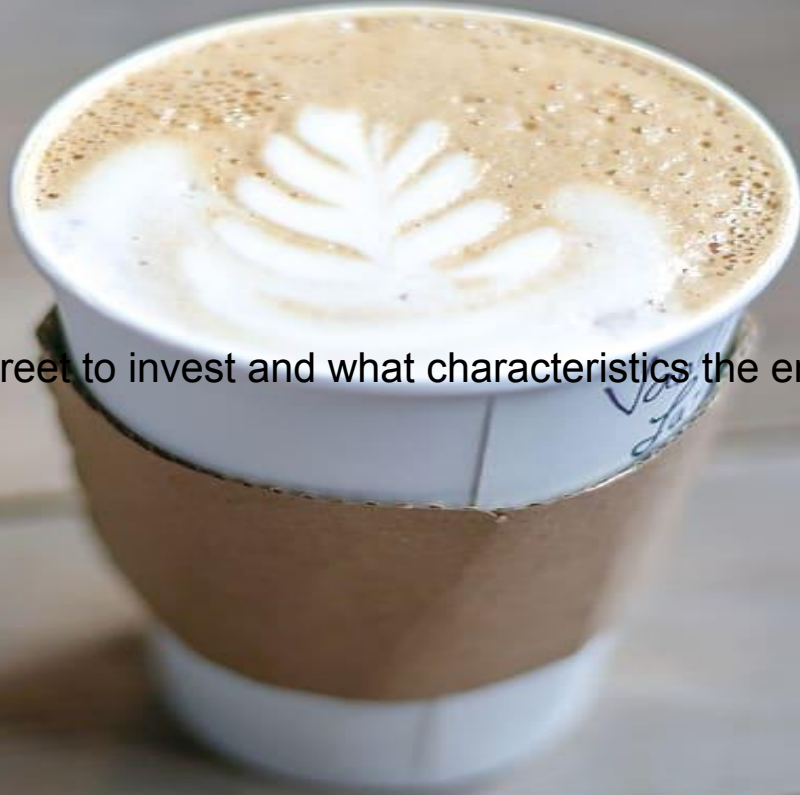


Depends on the budget of the investment since we are interested in run a robot-cafe chain, may we should look for the Vermont and Santa monica streets, where they don't have many restaurants which may illustrates a younger average of customers age while in Vermont there is not even one chain-cafe. In Santa monica street 'THE COFFEE BEAN & TEA LEAF' has already 2 stores with 25 and 40+ seats. Due to the strategy of our markething we could try to open a small cafe with max 10-14 seats (which is the most frequent number of seats for a cafe) next to or nearby 'THE COFFEE BEAN & TEA LEAF' store at the streets where this brand has only 1 store.



Project objective:

Find the most promising street to invest and what characteristics the enterprise should have.



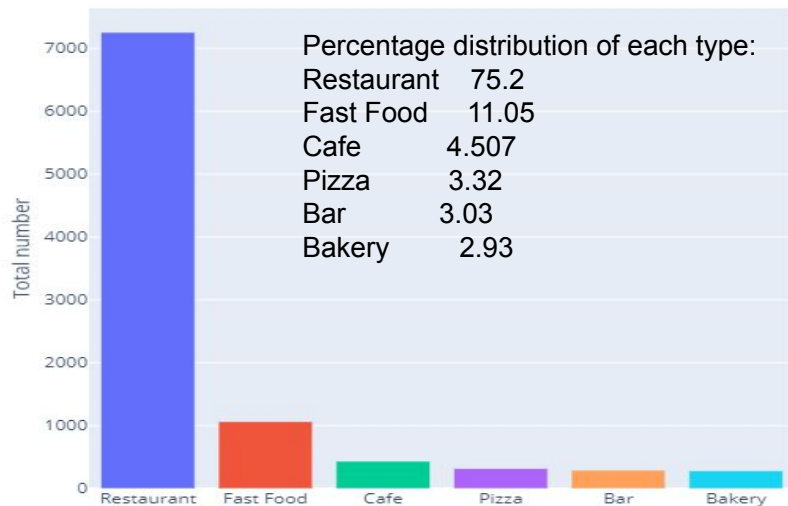


Understanding the market

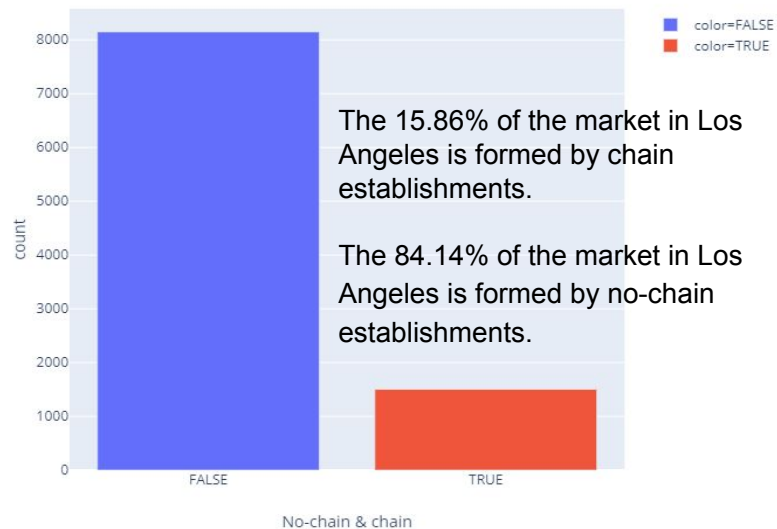
Market trends



Establishments distribution

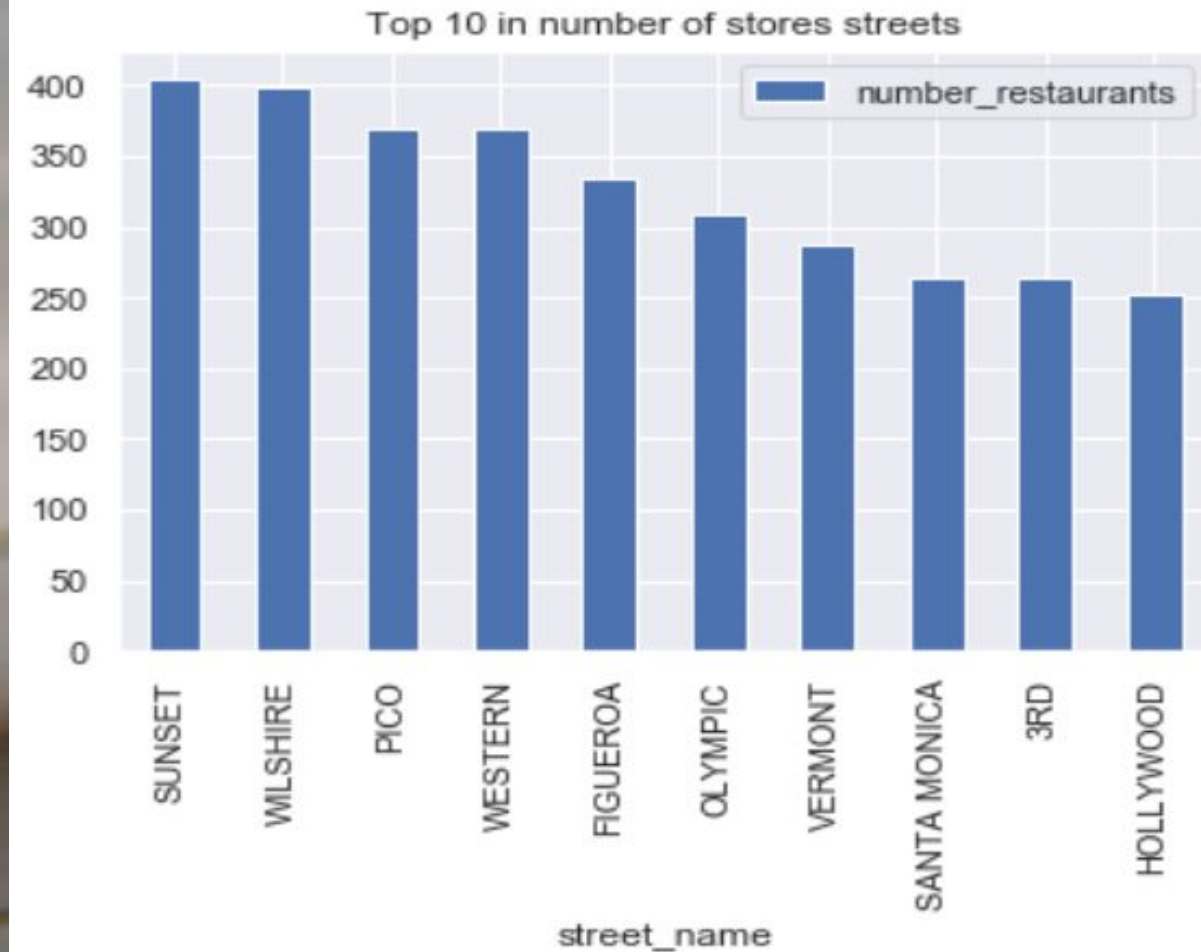


Chain & no-chain establishments

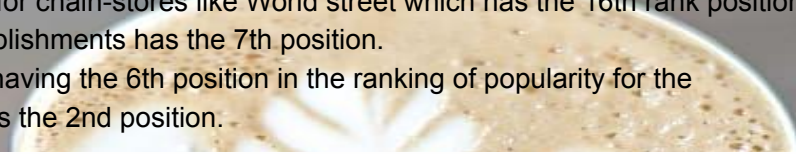




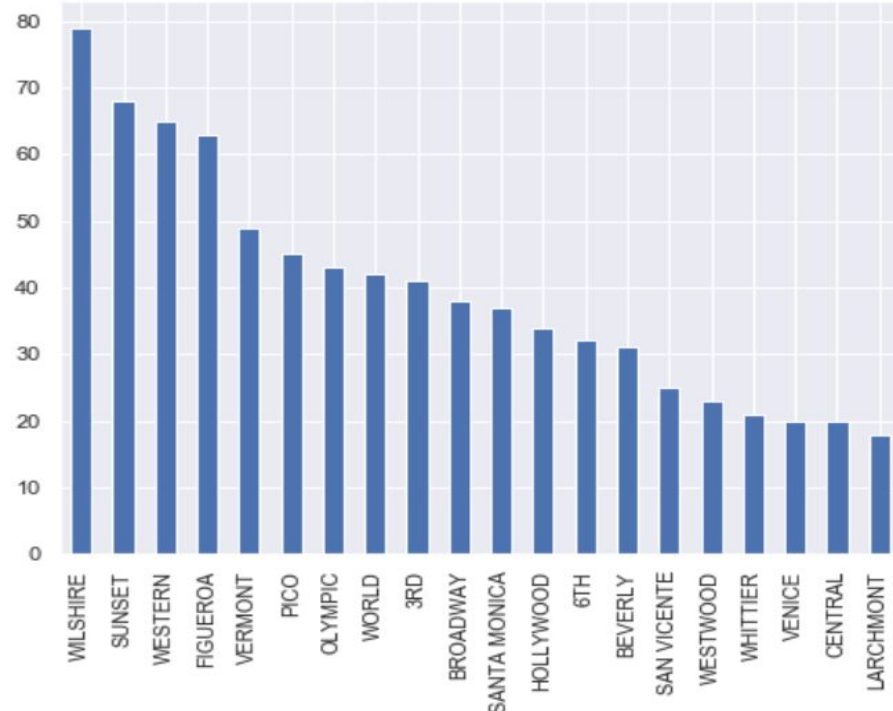
Trend analysis



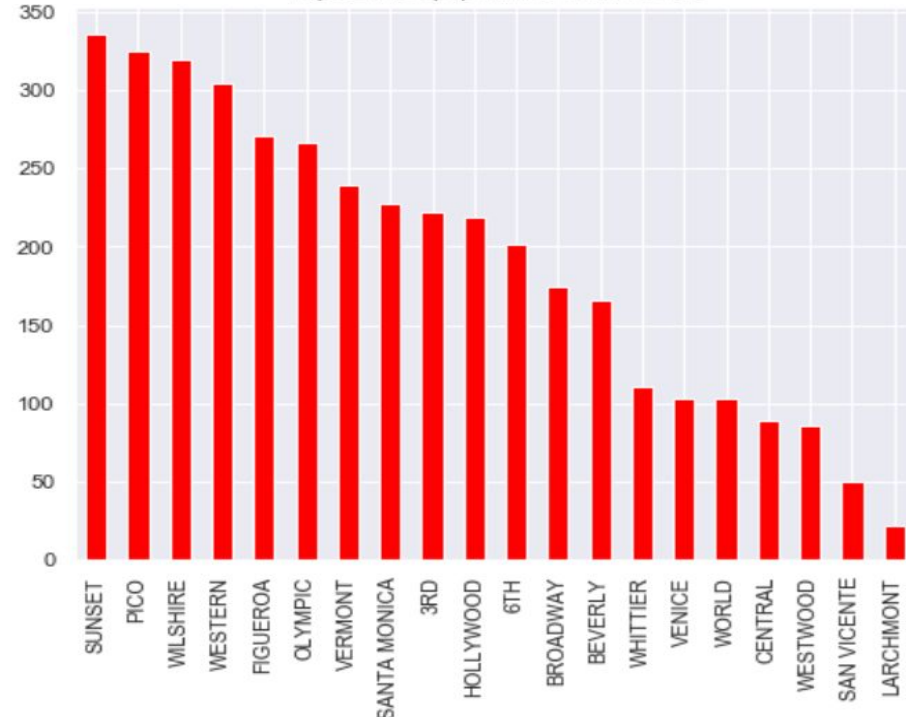
- We see small differences in the ranking of the streets between the chain and the no-chain stores.
- Some of them look like to be more interesting for chain-stores like World street which has the 16th rank position for no-chain establishments but for chain-establishments has the 7th position.
- For the Pico street is happening the opposite having the 6th position in the ranking of popularity for the chain-stores while for the no-chain stores holds the 2nd position.



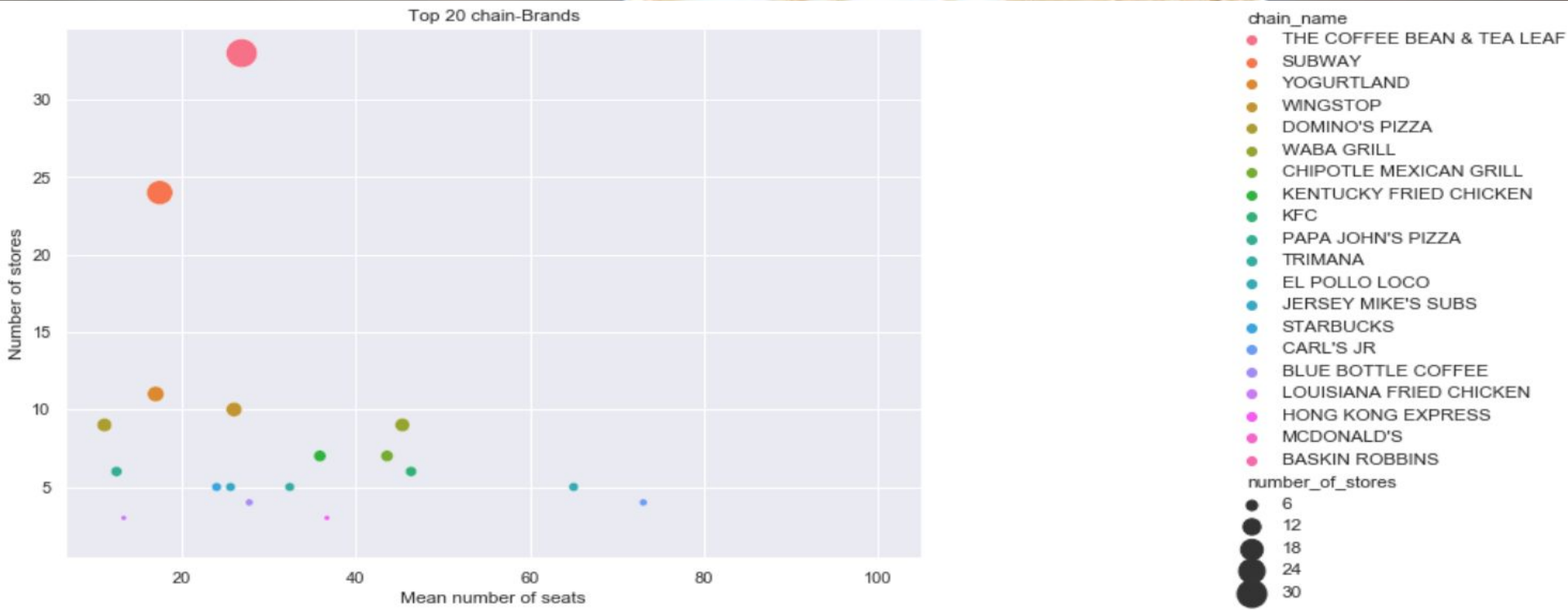
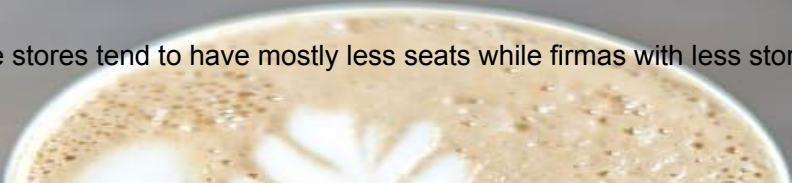
Top 20 most popular chain streets



Top 20 most popular No-chain streets

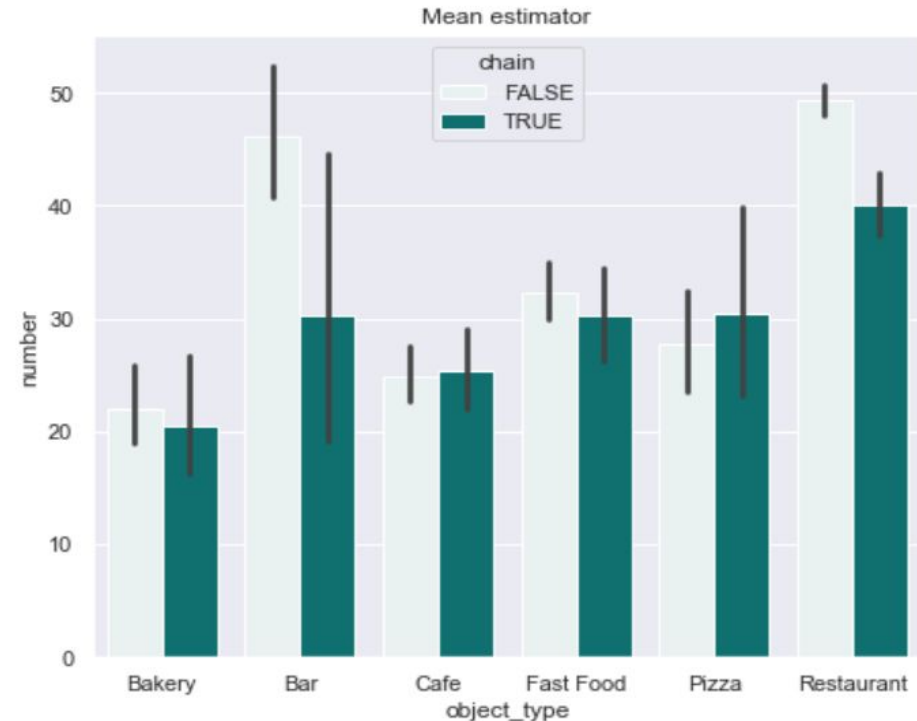
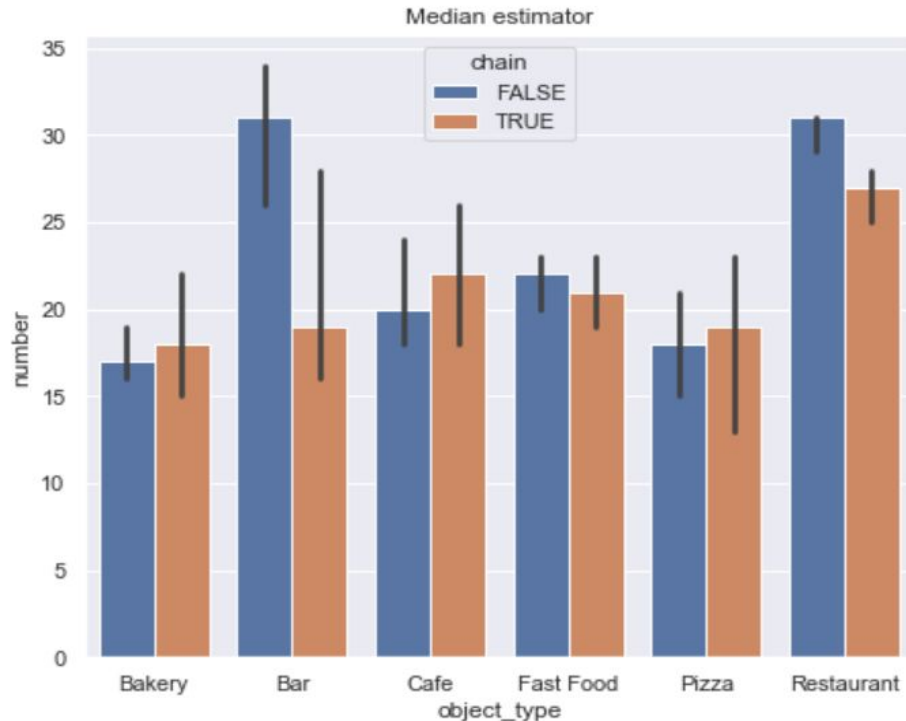


- Companies with more stores tend to have mostly less seats while firms with less stores tend to have bigger number of seats

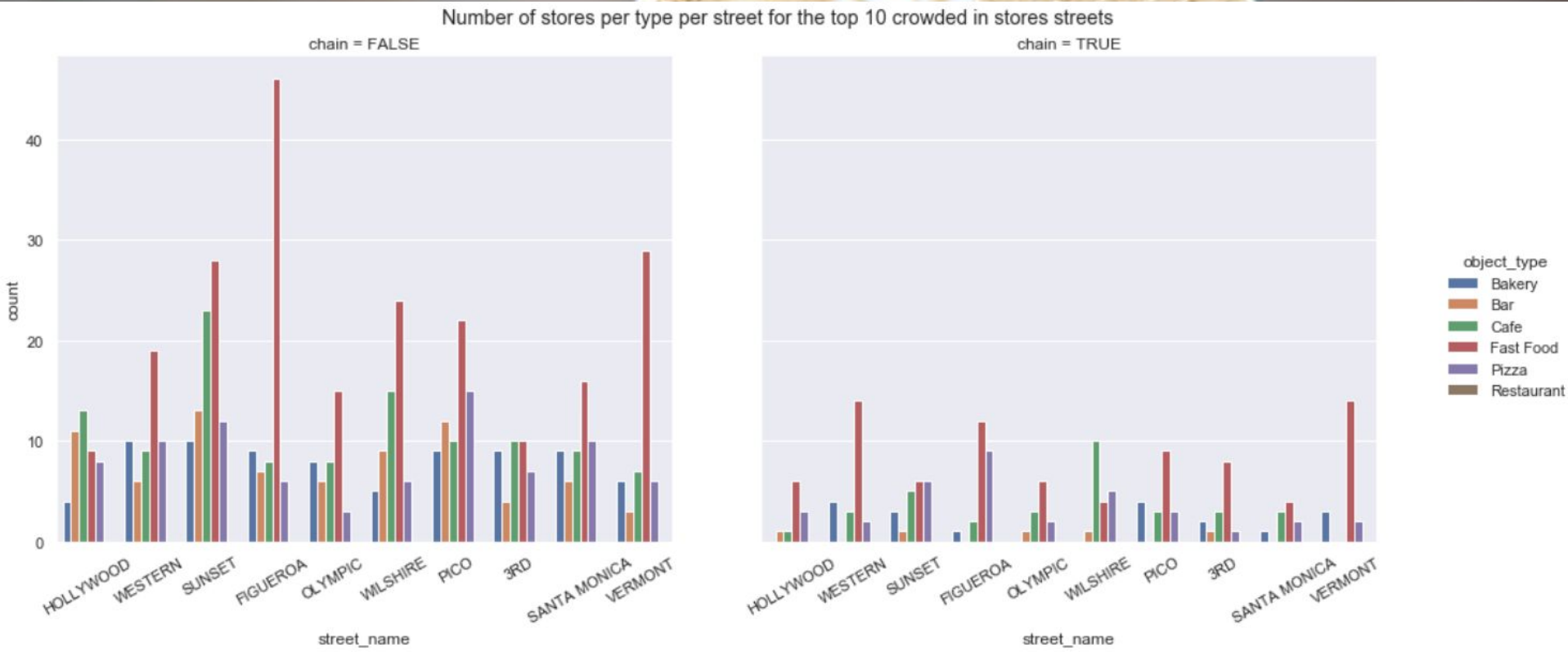


- In overall restaurants have the higher number of seats.
- We see here more clear that bakeries, bars, fast food and restaurants tend to have higher number of seats when comes for a no-chain establishment while the opposite happens for the chains.
- The opposite happens only for the pizza shops and slightly for the cafes.
- We see that the pattern changes for the bakeries and make more noticeable for the cafes if we choose as for estimator the median. That means there were some outliers hence some no-chain cafes have a higher number of seats comparing the rest no-chain cafes. And so the same for the bakeries

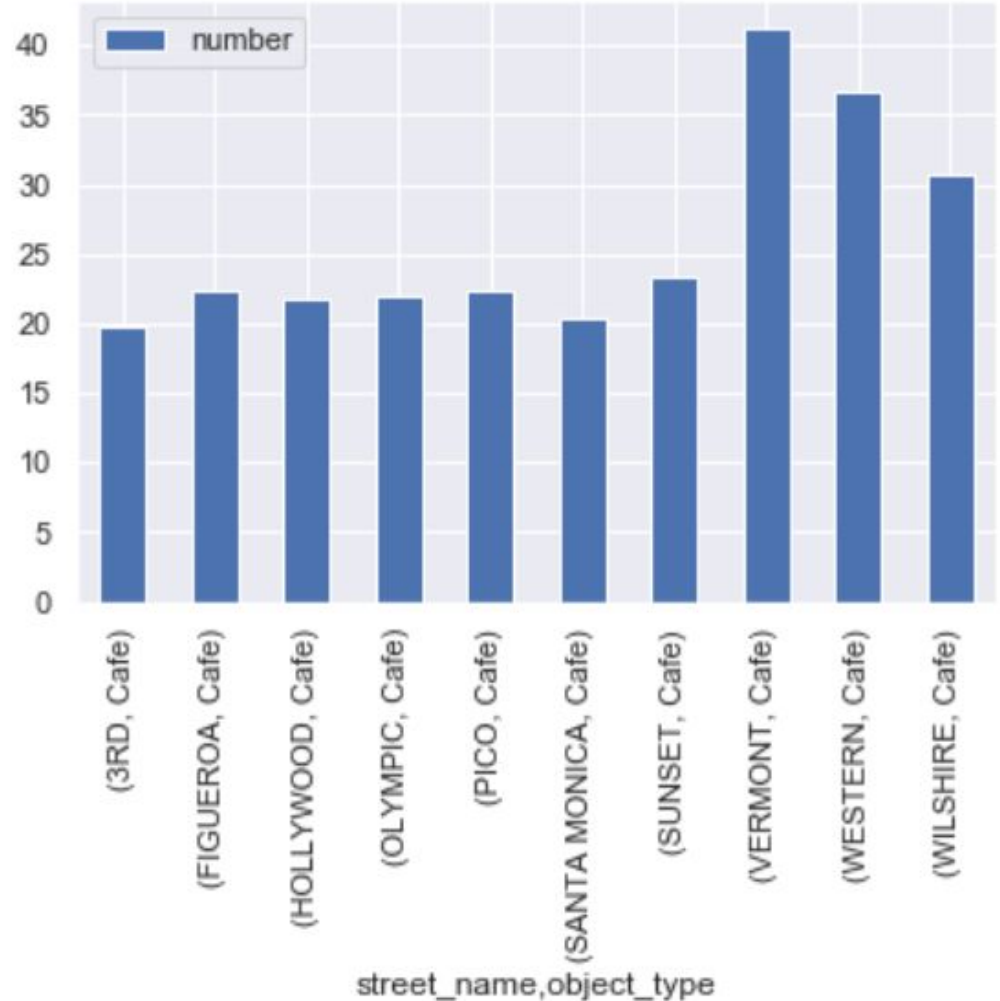
Mean number of seats per type of establishment



- Sunset street has the most no-chain cafes while Wilshire has the most chain cafes
- We see no at all chain cafes in Vermont neither chain bars. The fact that there are many fast food establishments maybe indicates Vermont is a central road with noticeable flow of people.

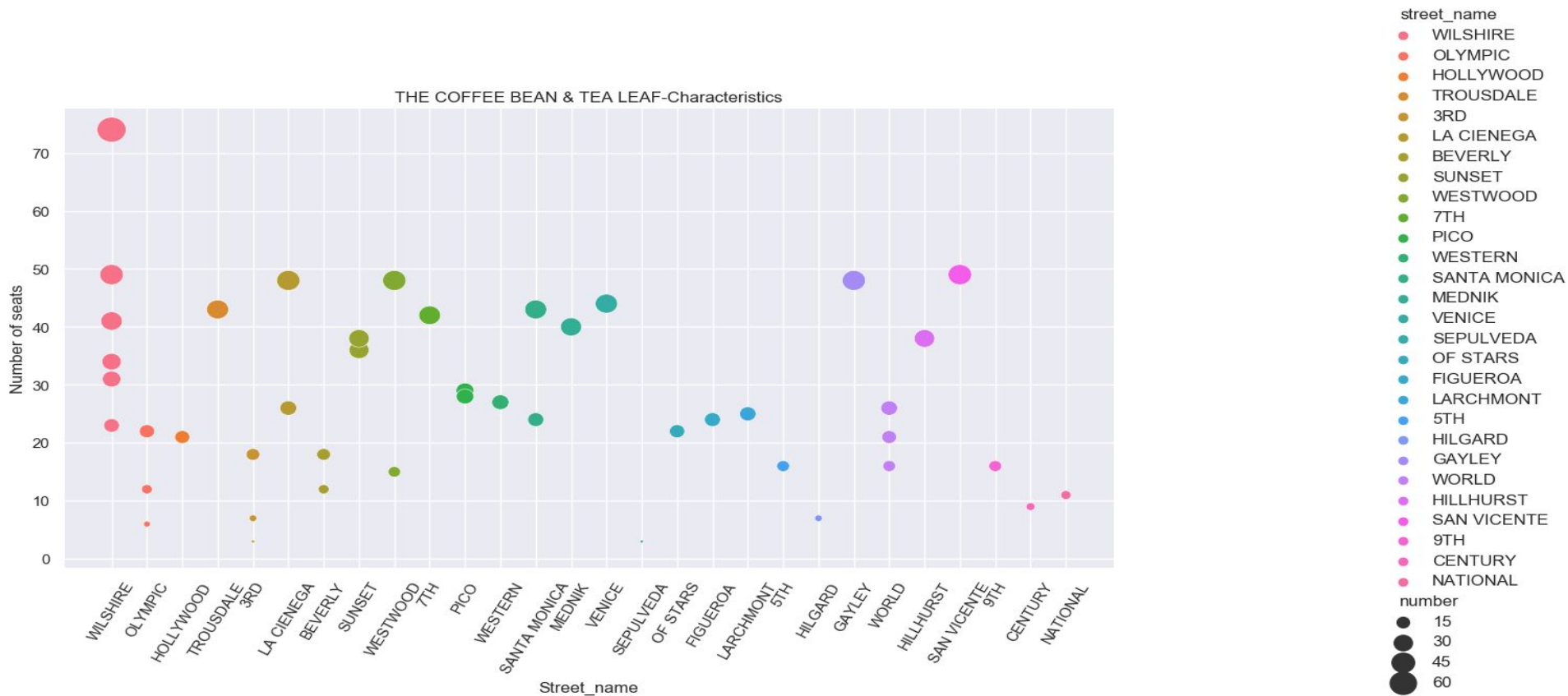


Number of cafe-establishments in Top 10 streets in stores



- Vermont street which doesn't have any chain cafe has the highest mean number of seats for no-chain cafe
- Santa monica and 3rd have the lowest mean of seats with the less stores of chain cafes and bars with santa monica having not at all any chain-bar

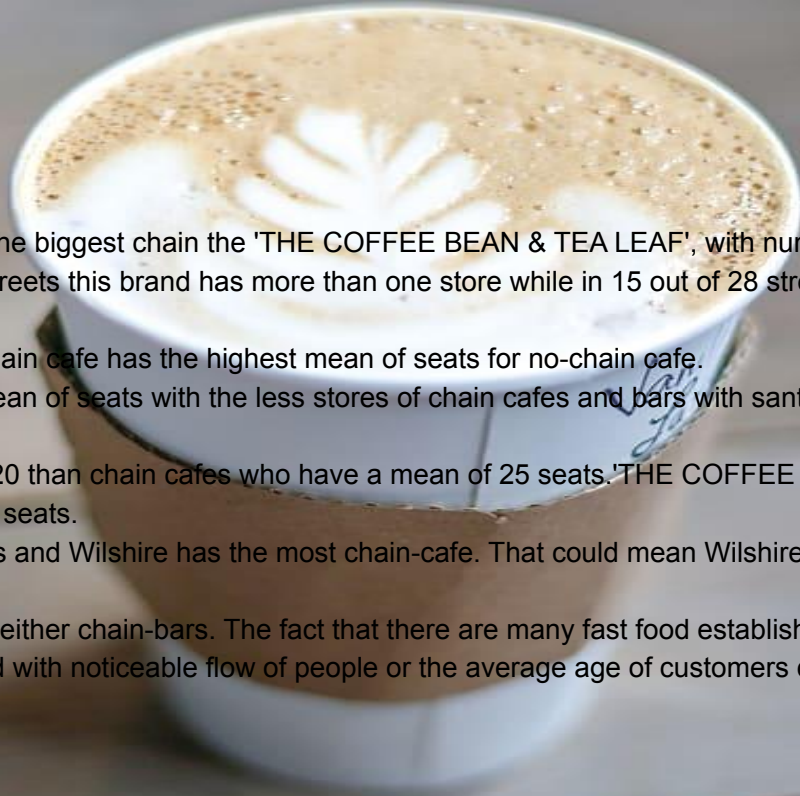
- The biggest cafe-chain is the THE COFFEE BEAN & TEA LEAF
- It has only one store in the streets: HOLLYWOOD, TROUSDALE, WESTERN, SEPULVEDA, OF STARS, FIGUEROA, LARCHMONT, 5TH, HILGARD, GAYLEY, HILLHURST, SAN VICENTE, 9TH, CENTURY and NATIONAL. Which is 15 streets in total with one store out of the 28 streets that can this brand be found.





Overall conclusions:

- WILSHIRE street has the most stores of the biggest chain the 'THE COFFEE BEAN & TEA LEAF', with number of seats ranging 20+ till 75 seats. In only 6 streets this brand has more than one store while in 15 out of 28 streets that can be found has only 1 store.
- Vermont street which doesn't have any chain cafe has the highest mean of seats for no-chain cafe.
- Santa monica and 3rd have the lowest mean of seats with the less stores of chain cafes and bars with santa monica having not at all any chain-bar.
- No-chain cafes tend to have less seats ~20 than chain cafes who have a mean of 25 seats. 'THE COFFEE BEAN & TEA LEAF' has a mean number of 26,9 seats.
- Sunset street has the most no-chain cafes and Wilshire has the most chain-cafe. That could mean Wilshire is a more central commercial street.
- We see no at all chain-cafes in Vermont neither chain-bars. The fact that there are many fast food establishments maybe indicates Vermont is a central road with noticeable flow of people or the average age of customers could be more young or teenagers.





Recommendations/Suggestions:

- Depends on the budget of the investment since we are interested in run a robot-cafe chain, may we should look for the Vermont and Santa monica streets, where they don't have many restaurants which may illustrates a younger average of customers age while in Vermont there is not even one chain-cafe. In Santa monica street 'THE COFFEE BEAN & TEA LEAF' has already 2 stores with 25 and 40+ seats. Due to the strategy of our markething we could try to open a small cafe with max 10-14 seats (which is the most frequent number of seats for a cafe) next to or nearby 'THE COFFEE BEAN & TEA LEAF' store at the streets where this brand has only 1 store.
- Additional data like rent cost per sq.m or which streets have the most companies/offices or which streets are near a park could help us for further conclusions since people from offices or people they go to the park spend less time to drink a coffee or they just grab a coffee to go,hence a robot cafe fulfils the profile of a cafe for this purposes.





Thank you.

