


MARKET RESEARCH OF ESTABLISHMENTS IN LA



By Dima Feigin

27.2.2022

- 
- **Large share of establishments in LA:** Restaurants make up roughly 75% of the establishments in LA
 - **Less big Players:** Restaurants more likely to be nonchains (68.4%)
 - **Recommendation:** Open a small non-chain restaurant with 48 seats– average for a restaurant chain – Aggressively grow thereafter – establish a chain

Opening a Restaurant in LA will Provide The Best Opportunities to Succeed for the Company Given the Novelty of Service Provided (Robot-Waiters).

General Conclusions:

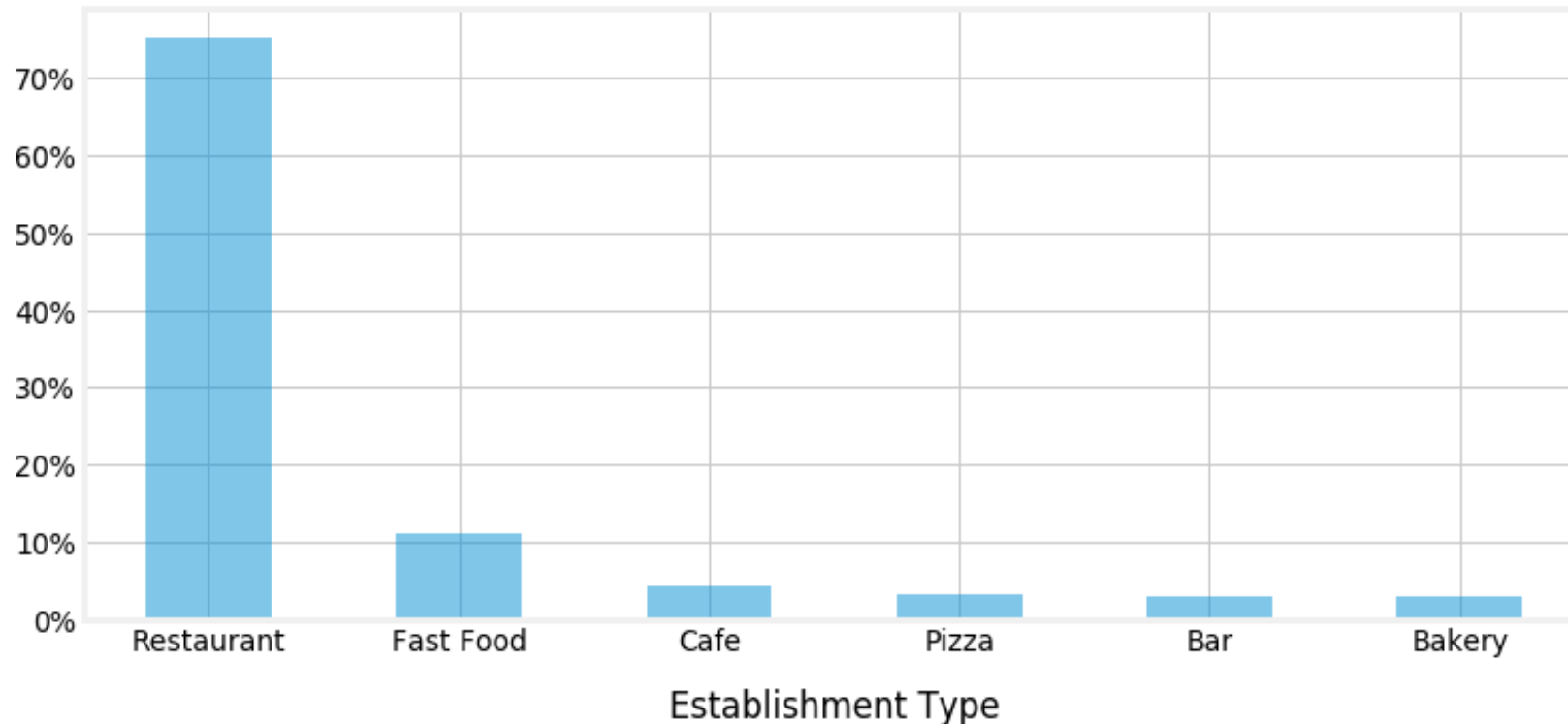
- Large share of establishments in LA: Restaurants make up roughly 75% of the establishments in LA

- Less big Players: Restaurants more likely to be nonchains (68.4%)

- Recommendation: Open a small non-chain restaurant with 48 seats– average for a restaurant chain – Aggressively grow thereafter – establish a chain

Restaurants Are By Far the Most Common Establishment Type in LA

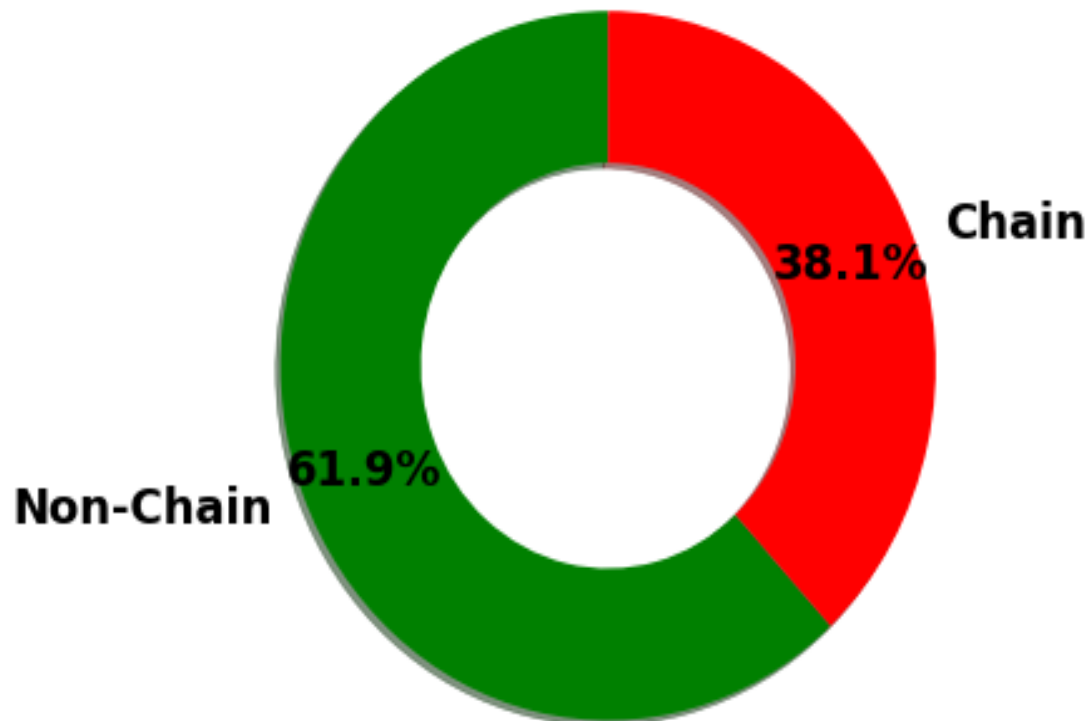
proportions of the various types of establishments



- Roughly 3/4 of establishments in LA are restaurants
- On the other hand, Cafes, the company's planned venue, makes up 5% of establishments in LA.
- Restaurants seem to have more opportunity to enter

The Majority of Establishments in LA are Not a Chain

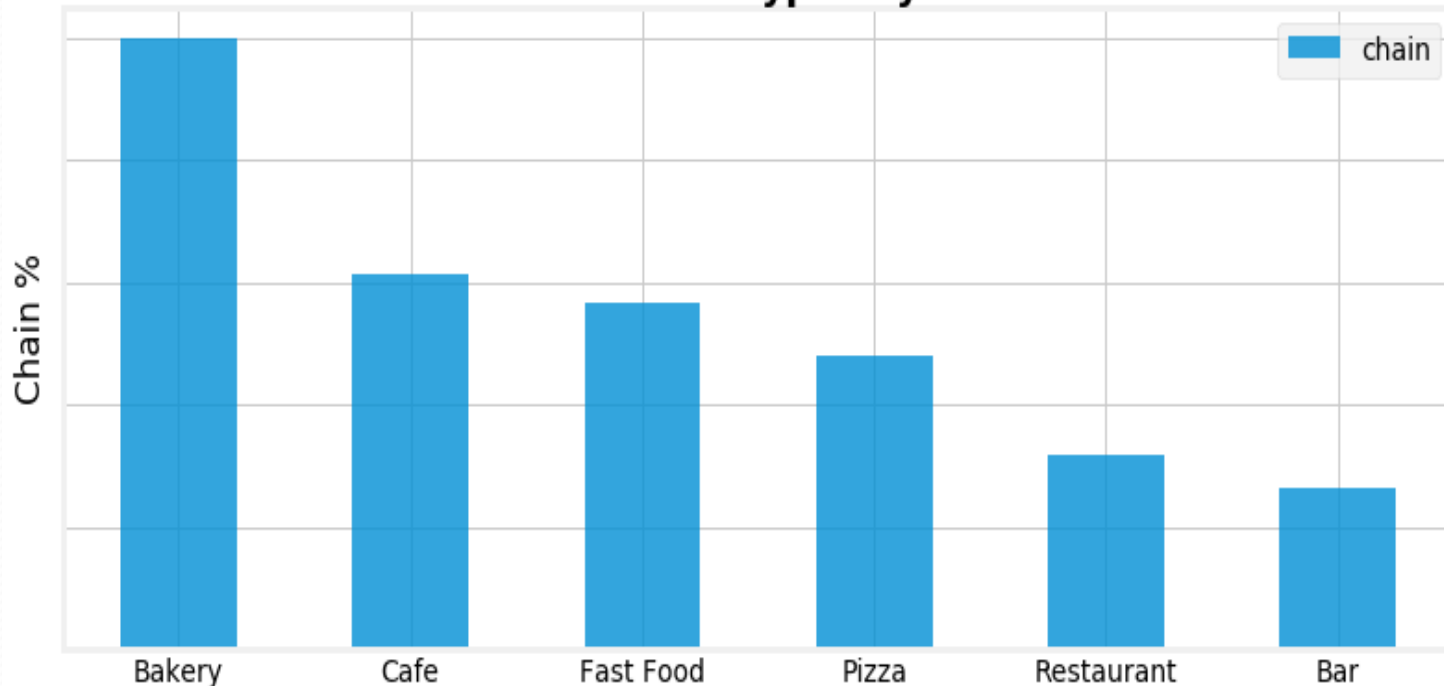
Proportion of LA Chain Establishments



- Non-chains establishments are 5% points away from representing 2/3 of the LA establishments.
- There's a share of small players in the current LA market.

Restaurant Establishments are Less Likely to Be A Chain

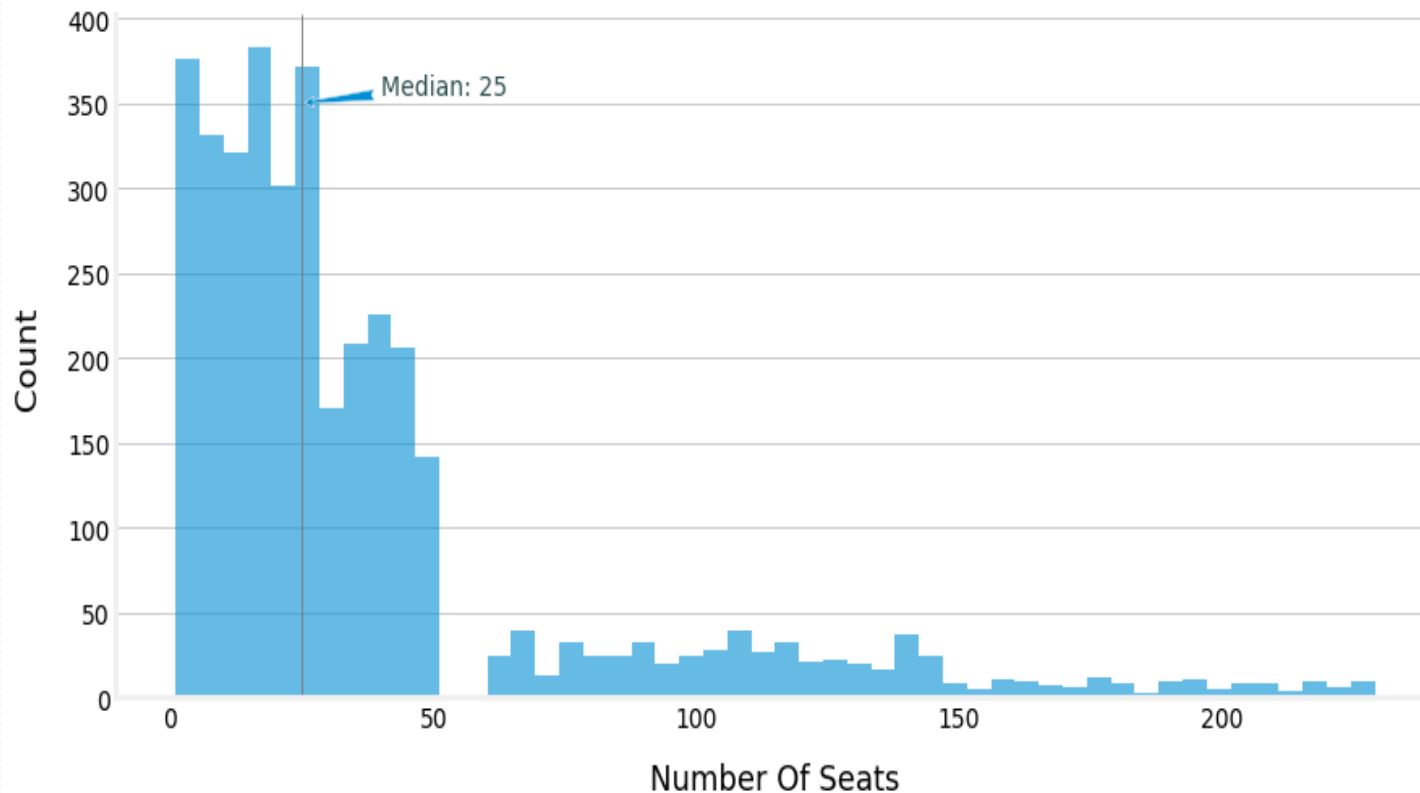
LA Establishments That Are Typically A Chain



- Roughly 1/3 (31.6%) of restaurants are a chain. Likely the reason why non-chains were well represented in the pie chart earlier.
- Cafes have a higher chance of being a chain establishment. According to market research, 4 out of 5 (78%) coffee shops in the U.S. are chain establishment—figures are growing [1][2].
- Restaurants offer the better opportunity for long-term success

Chain Establishments are Characterized By A Few Establishments With Many Seats

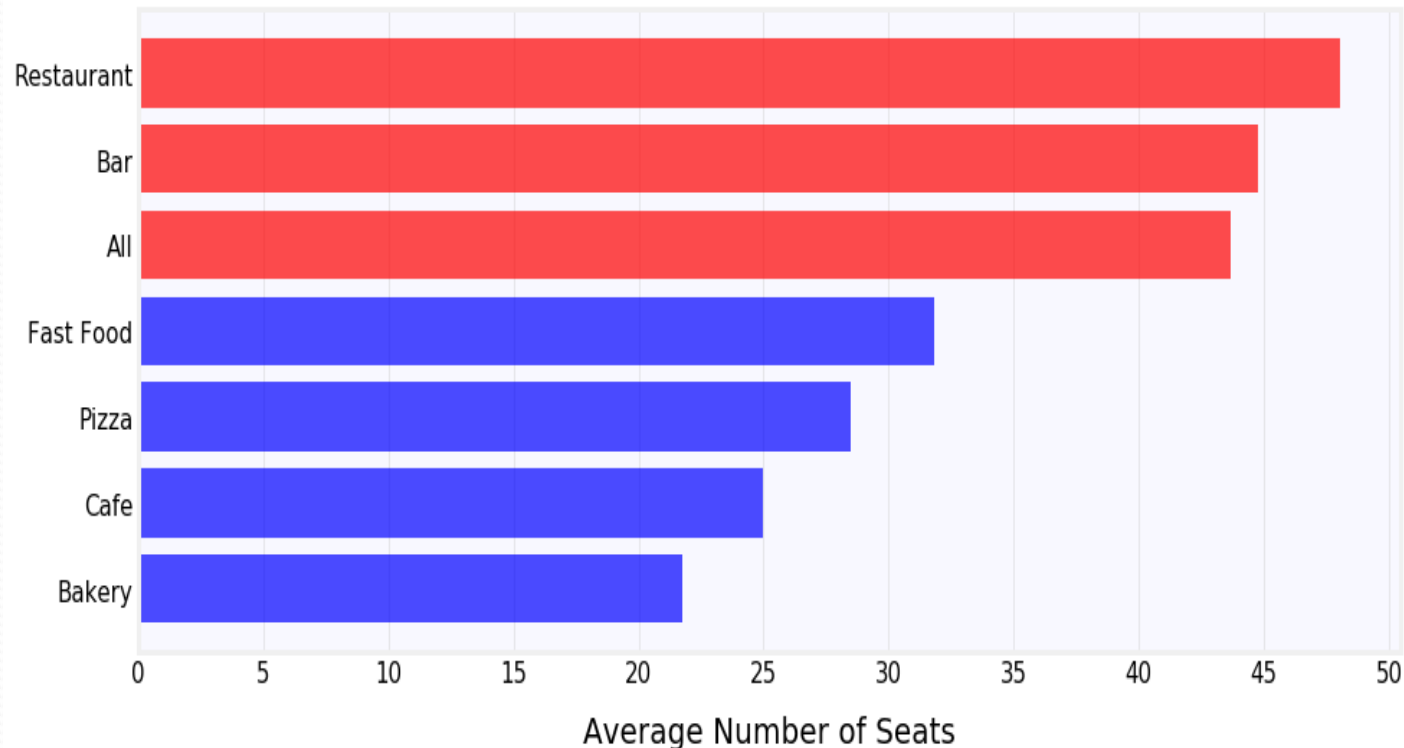
LA Chain Establishments: Distribution of Seats



- At a median of 25 seats, the share of chain establishments given the distribution, leans more towards low number of seats (1-50 seats)--roughly 82% of establishments.
- Many seats: right skewed tail and very low share % count.
- Considering the proportion and shade for the "many seats" category, indicating that the distribution indicates that

Chain Establishments In LA: Restaurants and Bars Have the Highest Average Number of Seats

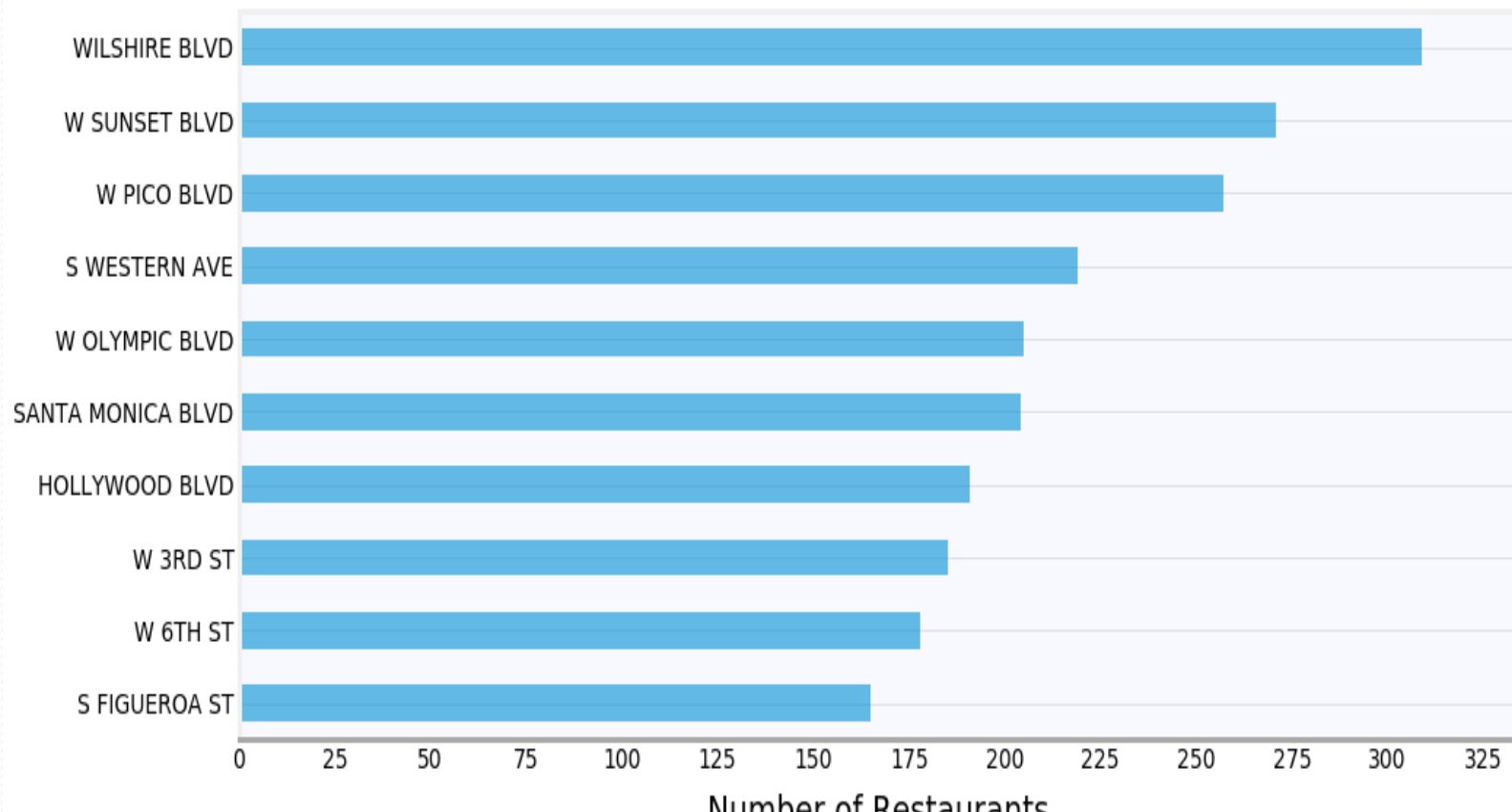
Average Number of Seats in chain Establishments In LA



- When we consider the aggregate average, notice how the 4 establishment types' average number of seats fall more than 10 seats below it.
- On the seat distributions, the majority of the "many seats" values on the distribution can be attributed to restaurant and bar establishments.

Top 10 Streets With High Restaurant Establishment Concentrations

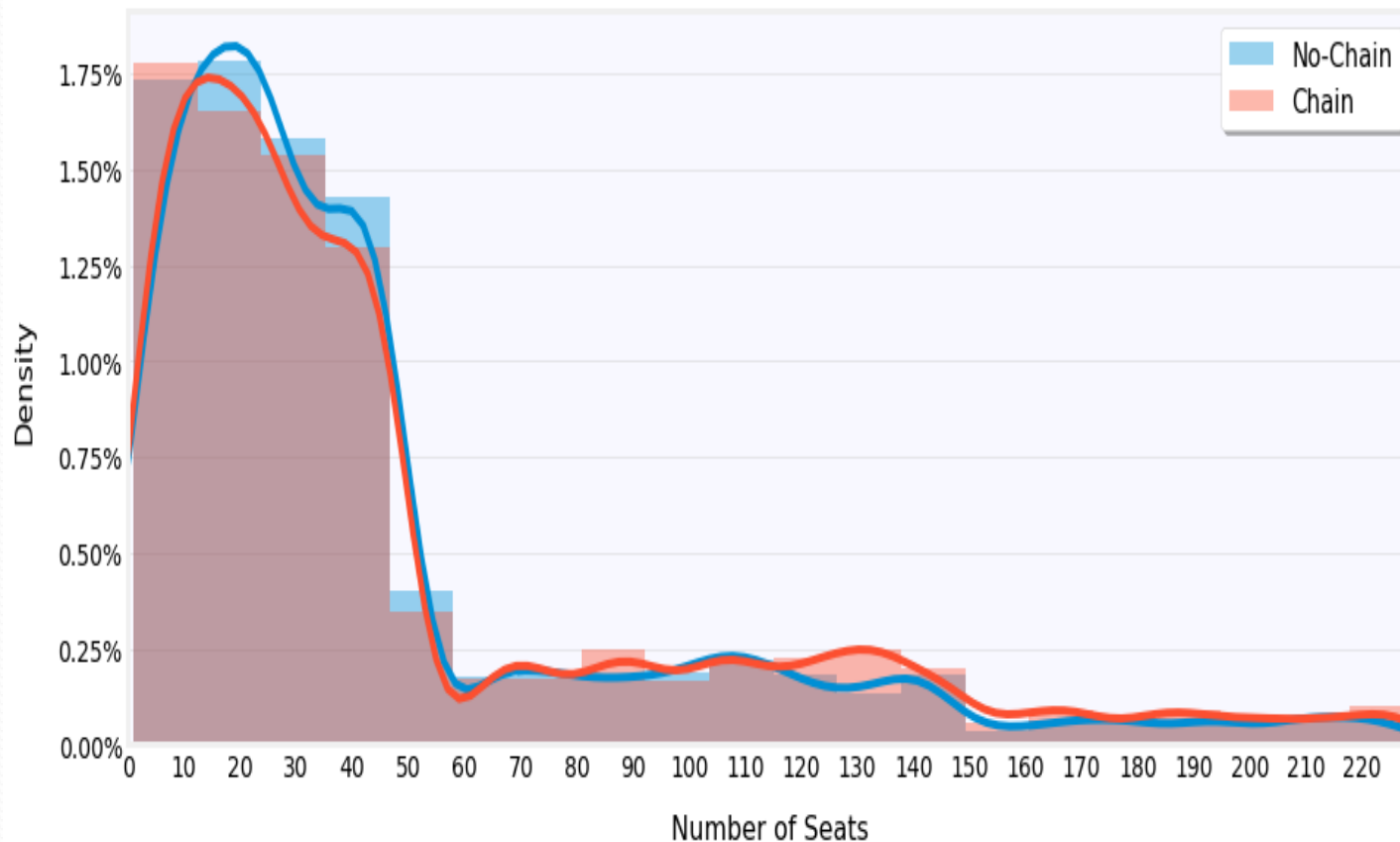
top 10 streets by number of restaurants



- top 10 streets contain between 110 and 230 restaurants
- 68% of streets contain 1 restaurant whilst 32% contain more than 1

LA Streets With Many Restaurants (>10): Chain Affiliation Makes No Difference In Distribution of Seats

Streets in LA With More than 10 Restaurants



- Have a median of 32 seats
- Distribution of seats can be split into two groups (many and few) and does not differ amongst chains and nonchain restaurant establishments

Recommendation

- The company should not think towards establishing a restaurant as there are less big players (chains) in that market relative to Cafes; small Cafes are being outnumbered by Cafe chains.
- Large share of establishments in LA, especially considering their high % of non-chain establishments make it relatively easier to compete and thrive given the service it will provide.
- The company should consider starting off as a non-chain with 48 seats and depending on its strategy, establish itself in a street with many restaurants and/or one restaurant. It can then aggressively grow and establish a chain thereafter given the novelty of service provided.
- It can then aggressively grow and establish a chain thereafter given the novelty of service provided.