Coursera Capstone Project: Applied Data Science – The Battle of the Neighbourhoods

Gabriel Leow

1. Introduction

In this project we will identify the **best neighbourhood to open a supermarket in Edinburgh**. With COVID-19 imposing lockdowns throughout the world, and more people remaining at home, the demand for supermarkets is back on the rise, as one of the few physical activities that people can leave their homes to do. As such, supermarket chains should try to quickly expand in the near future to capture this added demand.

Specifically, this report will target **large supermarket chains such as Tesco and ASDA** by offering them a data-driven solution to the most profitable location to open their next outlet which will be best received by customers. Given that there are around **160** neighbourhoods in Edinburgh, this will greatly help supermarkets to limit the range of possible options and allow them to focus their efforts on researching areas within a potential cluster.

By clustering each neighbourhood by its facilities, we will **identify which clusters has** "supermarket" and "grocery stores" listed as their top few locations as it is a strong indication of profitability. We will use our data science powers to first, generate a list of Edinburgh's 160 neighbourhoods. Second, to merge this list with location data from Foursquare. We will then use K-Means Clustering to cluster the 160 neighbourhoods.

2. Data

The data in this project is obtained from Wikipedia, Geocoders, and Foursquare. We first need to identify our list of neighbourhoods in Edinburgh cities. To do so:

- we need to scrape webpages of Edinburgh's neighbourhoods (Wikipedia)
- the GPS coordinates (latitude and longitude) of each neighbourhood (Geocoders)
- List of facilities around each neighbourhood (foursquare API)

2.1 Neighbourhoods - List

The data of Edinburgh neighbourhoods was taken from the Wikipedia webpage: https://en.wikipedia.org/wiki/Category:Areas of Edinburgh. It was transferred into an excel CSV file and then cleaned up using Python. There are a total of 163 neighbourhoods in Edinburgh. See Figures 1 and 2.

Figure 1: Before Clean Up

		Unnamed: 0	Neighbourhood
	0	1	*[[Abbeyhill]]
	1	2	*[[Alnwickhill]]
	2	3	*[[Ardmillan]]
	3	4	*[[Baberton]]
	4	5	*[[Balerno]]
15	8	159	*[[West Pilton]]
15	9	160	*[[Wester Broom]]
16	0	161	*[[Wester Hailes]]
16	1	162	*[[Western Harbour, Edinburgh Western Harbour]]
16	2	163	*[[Westfield, Edinburgh Westfield]]

Figure 2: After Clean Up

2.2 Neighbourhoods – GPS Coordinates (Geocode)

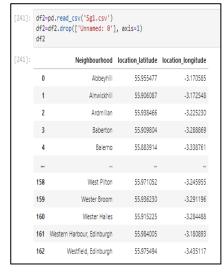
Before using the foursquare API, we had to append the GPS coordinates to the above dataframe. The dataframe was then saved as a CSV to check for errors. See <u>Figure 3</u>.

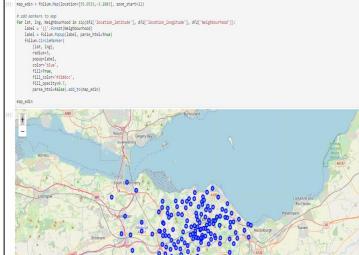
Figure 3: Append Dataframe with GPS Coordinates

As there were a number of errors in the coordinates obtained from Geocoders, we had to manually edit the csv file using "editor – on Jupyter Notebook", and reupload. We then plot the neighbourhoods on a folium map to visually see if there are outliers. See <u>Figures 4 and 5</u>.

Figure 4: re-read adjusted CSV, and clean-up

Figure 5: Plotting of Neighbourhoods of Folium Map (check for outliers)





2.3 Neighbourhoods – Venue Data

The next step was to find the venue data for each neighbourhood. To do so, we used the Foursquare API, and appended the data to our original dataframe. See <u>Figure 6</u>.

Figure 6: Code to extract venue data from Foursquare

```
def getNearbyVenues(names, latitudes, longitudes, radius=1000, LIMIT=100)
            venues_list=[]
for name, lat, lng in zip(names, latitudes, longitudes):
    print(name)
                # create the API request URL for Arts and Entertainment
url = 'https://api.foursquare.com/v2/venues/explore?&client_id={}&client_secret={}&v={}&ll={},{}&radius={}&limit={}'.format(
                   CLIENT_ID,
CLIENT_SECRET,
VERSION,
                   lat,
lng,
radius,
LIMIT)
                results = requests.get(url).json()['response']['groups'][0]['items']
                 return only relevant information for each nearby ver
                venues_list.append([(
                    lat,
                    lng,
                    V['venue']['name'],
v['venue']['location']['lat'],
v['venue']['location']['lng'],
v['venue']['categories'][0]['name']) for v in results])
           'Venue_Longitude'
'Venue_Category']
           return(nearby_venues)
longitudes=df2['location_longitude']
```

3. Methodology

3.1 Exploratory Data Analysis

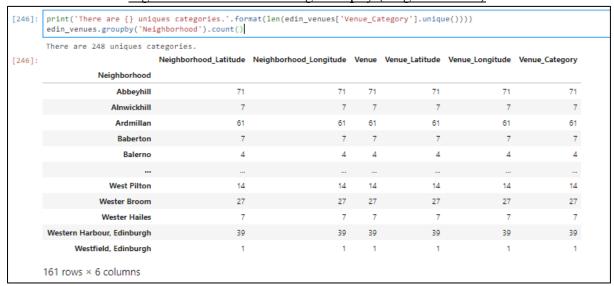
We first do a brief analysis on our obtained dataframe using the head, tail, describe and shape functions, to check if the rows and columns are as per our expectations. We find that the data is in order, and there are sufficient (5,245) entries for us to perform data analysis on. The 'head' of our dataframe is shown in <u>Figure 7</u>.

Figure 7: First 5 rows of Data Frame

[243]:		Neighborhood	Neighborhood_Latitude	Neighborhood_Longitude	Venue	Venue_Latitude	Venue_Longitude	Venue_Category
	0	Abbeyhill	55.955477	-3.170585	Regent Bar	55.956316	-3.172168	Gay Bar
	1	Abbeyhill	55.955477	-3.170585	Holyrood Abbey	55.953118	-3.171659	Historic Site
	2	Abbeyhill	55.955477	-3.170585	The Manna House Bakery & Patisserie	55.958138	-3.171927	Bakery
	3	Abbeyhill	55.955477	-3.170585	Century General Store & Cafe	55.956678	-3.171944	Café
	4	Abbeyhill	55.955477	-3.170585	Palace of Holyroodhouse	55.952666	-3.171689	Palace

We then do a slightly deeper analysis, and are satisfied with the 248 unique venue categories. We subsequently group the venue data by neighbourhoods to get a summary of each neighbourhood's venues, and prepare the data for further analysis. See <u>Figure 8</u>. However, we find that there are now only 161 rows, versus 163 neighbourhoods as earlier described. This means that some neighbourhoods do not have venue data in Foursquare. **We will deal with this later.**

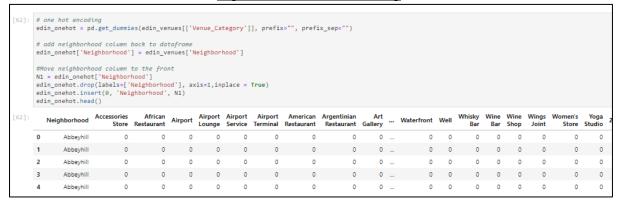
Figure 8: Further EDA using Groupby (neighbourhood)



3.2 One-Hot Encoding for Categorical Variables

Since the venue category is in text (categorical variables), we convert it to binary (1,0) by performing one-hot encoding. See <u>Figure 9</u>.

Figure 9: One-Hot Encoding



3.3 Derive Top 10 Venue categories for each neighbourhood

The next step is to find the top 10 venue categories for each neighbourhood. We do this by first, grouping the dataframe by 'neighbourhood' once more, then defining a 'top10' function and finally, executing the code. See <u>Figures 10 and 11</u>.

Figure 10: Preparing Dataframe for Top 10 Analysis

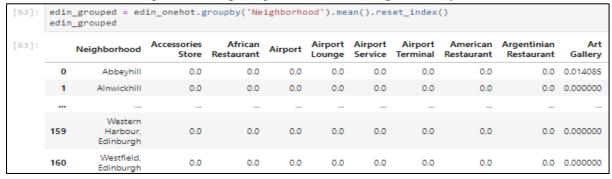
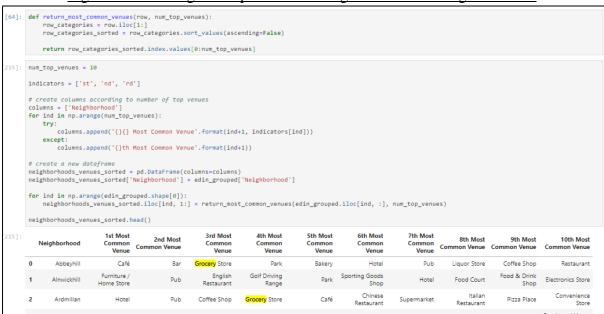


Figure 11: Deriving the Top 10 venue categories for each neighbourhood



3.4 K-Means Clustering

We chose K-Means as the Machine Learning algorithm as the variables of venue categories are large, and K-means is computationally able to handle the calculations.

We first have to prepare the dataframe for K-Means clustering.

Figure 11: Preparing Dataframe for K-means Clustering

```
Methodology 6A - Prepare Dataframe by dropping neighbourhood
    edin_grouped_clustering = edin_grouped.drop('Neighborhood', 1)
    edin_grouped_clustering.head()
            ssories African Airport Airport Airport American Store Restaurant Airport Lounge Service Terminal Restaurant
                                                  Airport American Argentinian
                                                                               Gallery Museu
                                                                    Restaurant
                       0.0
     0
             0.0
                               0.0
                                      0.0
                                             0.0
                                                     0.0
                                                               0.0
                                                                          0.0 0.014085
                                                             0.0
    1 0.0 0.0 0.0 0.0 0.0 0.0
                                                                        0.0 0.000000
             0.0
                     0.0
                            0.0
                                      0.0
                                             0.0
                                                  0.0
                                                               0.0
                                                                          0.0 0.000000
           0.0 0.0 0.0 0.0 0.0 0.0 0.0
                                                                         0.0 0.000000
                            0.0 0.0 0.0 0.0
                                                                          0.0 0.000000
   5 rows × 247 columns
    Methodology 6B - Normalise Dataframe
79]: edin_grouped_clustering_norm = StandardScaler().fit_transform(edin_grouped_clustering)
    edin_grouped_clustering_norm
79]: array([[-0.07905694, -0.32238937, -0.11113166, ..., -0.07905694,
             0.11009771, -0.1017671 ],
           [-0.07905694, -0.32238937, -0.11113166, ..., -0.07905694, -0.11009771, -0.1017671 ],
           [-0.07905694, -0.32238937, -0.11113166, ..., -0.07905694,
            -0.11009771, -0.1017671 1,
```

Next, we have to find the optimal number of clusters. To do so, we use the silhouette score, which is a measure of how similar an object is to its own cluster (cohesion) compared to other clusters (separation). The score ranged from -1 to +1, with +1 indicating that the model is good while -1 indicating that the model is poor. See Figures 12 and 13.

Figure 12: Code for executing Silhouette Score

```
import matplotlib.pyplot as plt
Xmatplotlib inline

def plot(x, y, xlabel, ylabel):
    plt.figure(figsize=(20,18))
    plt.plot(np.arange(3, x), y, 'o-')
    plt.xlabel(xlabel)
    plt.ylabel(ylabel)
    plt.xilcks(np.arange(3, x))
plt.show()

[181]:
    max_range = 20 # Maximum range of clusters

[182]: from sklearn.metrics import silhouette_samples, silhouette_score
    indices = []
    scores = []
    for kclusters in range(3, max_range):
        # Run k-means clustering
        kmeans = KMeans(n_clusters = kclusters, init = 'k-means++', random_state = 0).fit_predict(edin_grouped_clustering_norm)
        # Gets the score for the clustering operation performed
        score = silhouette_score(edin_grouped_clustering_norm, kmeans)

# Appending the index and score to the respective lists
    indices.append(kclusters)
    scores.append(score)

[187]: plot(max_range, scores, "No. of clusters", "Silhouette Score")
```

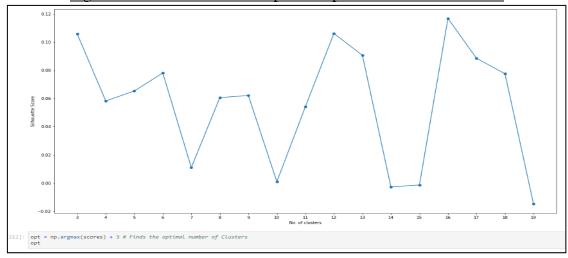


Figure 13: Silhouette Score Graph and Optimal Number of Clusters

The optimal number of clusters is 16. Note that 2 clusters would have given a higher silouhette score than 16. However, as 2 clusters would not have given us meaningful information to assess the best choice of location for a new supermarket, we have excluded K=2 from the computation.

We then perform the K-Means clustering based on number of clusters = 16. The following lines of code show the execution of K-Means, adding of cluster labels into the existing dataframe. Remember that we started off with 163 neighbourhoods, but there is only venue data for 161 of them. As such, we also drop the NA values so that the folium map can be subsequently generated. See Figure 14.

Figure 14: Running K-Means Clustering for Cluster=16, and preparing data for Folium Map

```
Methodology 6D - Perform K-means clustering for 16 clusters
#Cluster Neighborhoods
# set number of clusters
kclusters = 16
kmeans = KMeans(n_clusters=kclusters, random_state=θ).fit(edin_grouped_clustering_norm)
# check cluster labels generated for each row in the dataframe
kmeans.labels_[0:162]
                         2. 11.
        9, 0, 2, 2, 2, 2, 7, 15, 0, 2, 2, 2, 9, 13, 15, 2, 2, 2, 2, 2, 2, 2, 2, 2,
       2, 5, 2, 2, 2, 9, 2,
11, 2, 1, 2, 2, 0, 8,
2, 15, 2, 1, 7, 2, 2,
                                                            8,
                                     2,
                                           Θ,
                                          8, 15,
                                                    0,
                                                        9,
        2, 2, 2, 11, 6, 7, 9, 10,
2, 7, 2, 7, 2, 7, 2, 11,
                                           7, 9,
                                                    2, 11,
                         2, 13,
        2, 15,
                9.
                    2.
                                                    1.
                                      2], dtype=int32)
                             2, 14,
# add clustering Labels into Dataframe
neighborhoods_venues_sorted.insert(0, 'Cluster Labels', kmeans.labels_)
edin_merged = df2
# merge toronto_grouped with toronto_data to add Latitude/Longitude for each neighborhood
edin_merged = edin_merged.join(neighborhoods_venues_sorted.set_index('Neighborhood'), on='Neighbourhood')
Methodology 6D - (A) Drop NA Values
edin_merged.dropna(inplace = True)
edin_merged = edin_merged.astype({"Cluster Labels": int})
```

4. Results and Discussion

4.1 Visualisation - Folium Mapping

The neighbourhoods are divided into 16 clusters, and visualised using different colours on Folium to make them distinguishable. See <u>Figures 15 and 16</u> for code and map.

Figure 15: Code for Visualisation on Folium

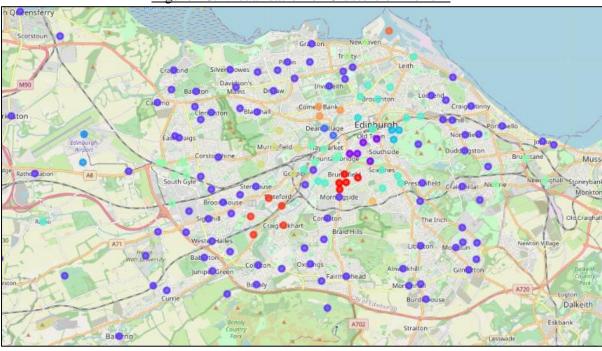


Figure 16: Visualisation of Clusters on Folium

4.2 Cluster Analysis and Discussion

We then examine each cluster, and combine the counts of the top 10 venue categories for each Cluster into a dataframe, to see which Cluster has the highest percentage of supermarkets and grocery stores, and is therefore most suitable for the opening of a supermarket. See <u>Figure 17</u>

for an example of code for examining 1 specific cluster, <u>Figure 18</u> for the code for combining the results of all clusters into a dataframe, and <u>Figure 19</u> for what the dataframe looks like.

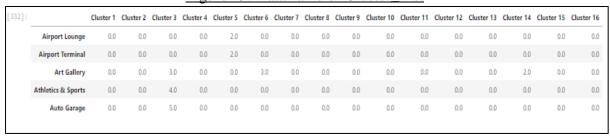
Figure 17: Example Code for Examining 1 Cluster



Figure 18: Code for combining Cluster results into 1 Dataframe

```
Results 3 - Combining Clusters to see occurrence of categories in clusters
290]: D1=C1.stack().value_counts()
      D2=C2.stack().value_counts()
      D3=C3.stack().value_counts()
      D4=C4.stack().value_counts()
      D5=C5.stack().value_counts()
      D6=C6.stack().value_counts()
      D7=C7.stack().value_counts()
      D8=C8.stack().value_counts()
      D9=C9.stack().value_counts()
      D10=C10.stack().value_counts()
      D11=C11.stack().value_counts()
      D12=C12.stack().value_counts()
      D13=C13.stack().value_counts()
      D14=C14.stack().value_counts()
      D15=C15.stack().value_counts()
      D16=C16.stack().value_counts()
      Results 3A - Combining Clusters and Cleaning Dataframe
332]: Cluster_List = pd.DataFrame(
           {'Cluster 1': D1,
             'Cluster 2': D2,
            'Cluster 3': D3.
             'Cluster 4': D4.
             'Cluster 5': D5,
            'Cluster 7': D7,
            'Cluster 8': D8,
             'Cluster 9': D9.
             'Cluster 10': D10,
            'Cluster 12': D12,
            'Cluster 13': D13.
             'Cluster 14': D14,
             'Cluster 15': D15,
      pd.set_option("display.max_rows", 120)
Cluster_List=Cluster_List.replace(1.0,np.NaN)
Cluster_List.dropna(axis = 0, how = 'all', inplace=True)
       Cluster_List=Cluster_List.replace(np.NaN,0.0)
```

Figure 19: Dataframe of Cluster_List



We then perform further analysis on the dataframe. Instead of having the number of counts for each cluster, for example, cluster 1 has a total of 50 venue categories, 20 are theatres, 10 are supermarkets, 10 are Cafes and 10 are hotels, we convert this to a ratio. For example, cluster 1 has 40% theatres, 20% supermarkets, 20% cafes and 20% hotels. This will tell us what the proportion of venue category in that cluster is. In addition, we remove irrelevant venue categories, reducing it to just grocery stores and supermarkets, and sort the clusters by their percentage of supermarkets. See <u>Figure 20 and 21</u>.

Figure 20: Convert absolute count to ratio

```
[364]: Cluster_List.loc['Total',:]= Cluster_List.sum(axis=0)
Cluster2=Cluster_List.transpose()
Cluster3 = Cluster2.loc[:,'Airport Lounge':'Zoo Exhibit'].div(Cluster2["Total"], axis=0)
Cluster3
```

Figure 21: Remove unnecessary venue categories and sort by percentage of supermarkets in clusters

65]:	Cluster4=Cluster3[['Grocery Store','Supermarket' Percentage_GC_SP=Cluster4*100 Percentage_GC_SP.sort_values('Supermarket', asce					
65]:		Grocery Store	Supermarket			
	Cluster 11	0.000000	5.555556			
	Cluster 16	3.418803	4.273504			
	Cluster 10	0.000000	1.754386			
	Cluster 12	3.508772	1.754386			
	Cluster 3	1.958610	1.589061			
	Cluster 8	2.123142	0.636943			
	Cluster 1	3.546099	0.000000			
	Cluster 2	0.000000	0.000000			
	Cluster 4	0.000000	0.000000			
	Cluster 5	0.000000	0.000000			
	Cluster 6	0.000000	0.000000			
	Cluster 9	1.587302	0.000000			
	Cluster 14	0.000000	0.000000			
	Cluster 7	NaN	NaN			
	Cluster 13	NaN	NaN			
	Cluster 15	NaN	NaN			

From this table, we can see that Cluster 11 and 16 are the most probable clusters. We therefore pull out its individual records. See <u>Figures 22 and 23</u>.

Figure 22: Cluster 11's results



Figure 23: Cluster 16's results



From the 2 results, we can see that first, Cluster 11 only has 2 neighbourhoods while Cluster 16 has 5 neighbourhoods. Second, the occurrence of Supermarkets and Neighbourhoods in Cluster 16 is more intensive than in Cluster 11. Third and most importantly, Supermarkets and grocery stores are more significant in Cluster 16 as it is often in the top 3 most common venues whereas for Cluster 11, they are in the 4-10th positions.

From <u>Figure 24</u>, we can see that Cluster 16 (red) are clustered within the same geographical area. It also sits along a main train track/line going to one of Scotland's biggest cities – Glasgow. This could be a strong explanation as to why there are so many supermarkets in that area, even more so than the suburb areas where they are supposed to be more households.

Bar On Brack Name

Bar On Mains Drow iers cyclig Involeith

Broughton

Callings Edinburghase

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Come Bank

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Figure 24: Visualisation of Cluster 16

5. Conclusion

Given that COVID-19 is here to stay until a vaccine is developed, the demand for supermarkets will continue to increase, especially since it is one of the few essential activities that people can perform and leave their homes for. For supermarket chains in Edinburgh that wish to open more supermarket outlets, Cluster 16 offers potential of high profitability, especially given the high footfall due to the train station serving that area.