

Robot-Run Cafe

A PRELIMINARY FEASIBILITY STUDY

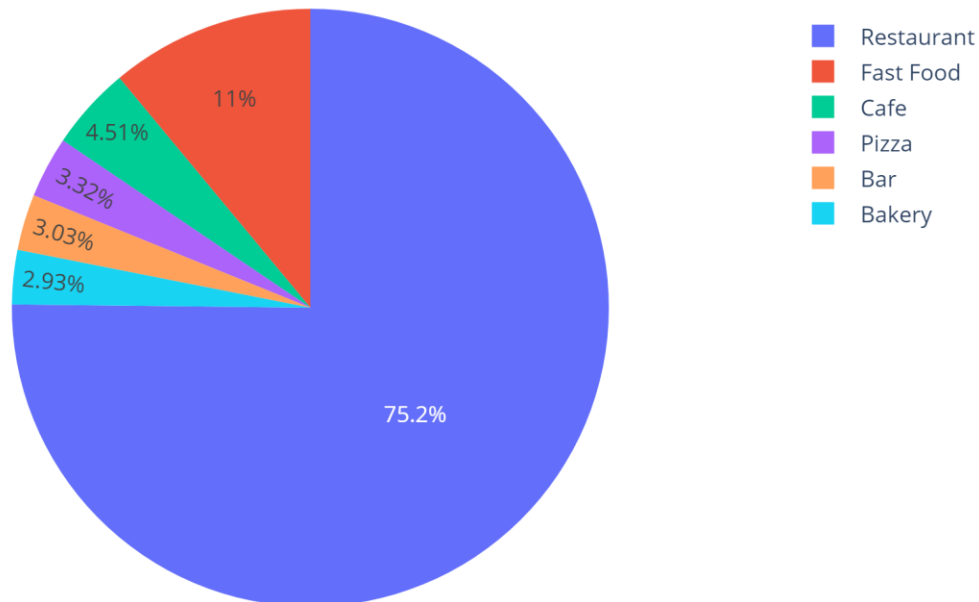
Preface

A wholly-robot-run café in downtown Los Angeles will be the first of its kind. This will garner interest from the public at the beginning purely from a novelty standpoint.

- Objective of Study: To assess the viability of success after the effects of novelty has worn off.
- Pain Points: High start-up costs, longevity.
- Key Areas:
 - Cost Control – Size of café/ number of seats provided
 - Chain restaurants types are successful for a reason – We want to assess the average size of said chains, and whether the size of these restaurants positively correlate with better business prospects.
 - Location is everything – With such a novel concept, and with the nature of a cafe being one of high-turnover, we need high amounts of traffic.

Proportions Share of Restaurant Types in LA

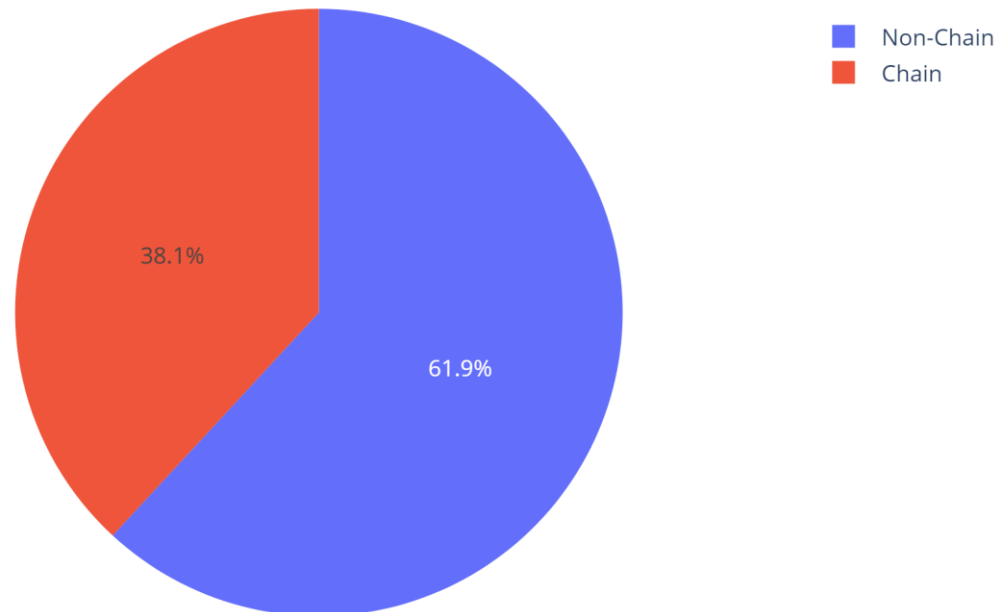
Proportion of Restaurant Types



When assessing share of restaurant types in LA, one thing stands out: Cafes come in at just below 5% share of the overall market. This bodes well for us, as it **fits a need that is under-represented.**

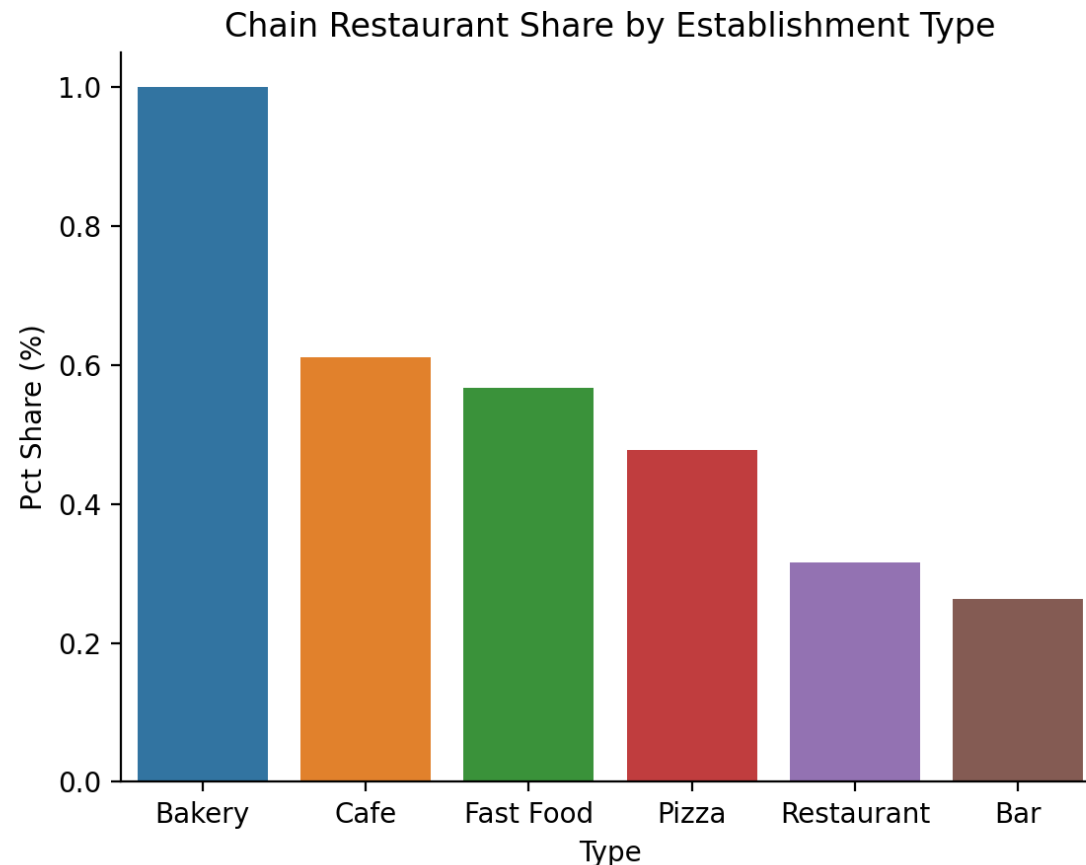
Proportions of Chain vs Non-chain Establishments

Proportions of Establishments | Chain vs Non-Chain



Non-chain business types share of market outweigh chain restaurants at a ratio of 6:4. Chain restaurants are successful for a reason. A roughly 40% share of market is still extremely large for a handful of chain restaurant brands and thus, would give us insights into their characteristics.

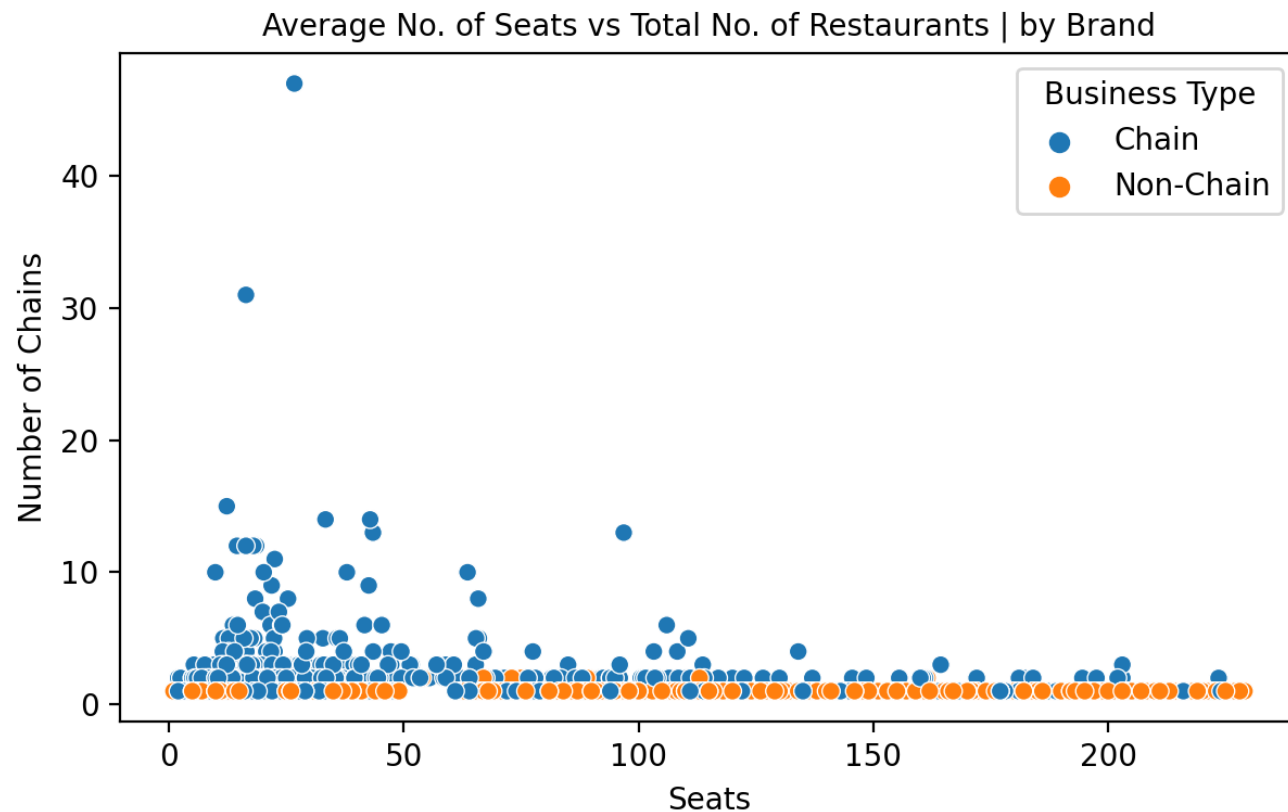
Chain Establishments according to their Types



Chain restaurants are mostly dominated by bakeries, coming in at roughly 100% share of type, followed closely by cafes and fast-food chains. In our case, more than half of cafes in LA are comprised of chains, and hence **allow us to further scrutinize the characteristics that underlie the success of chain establishments.**

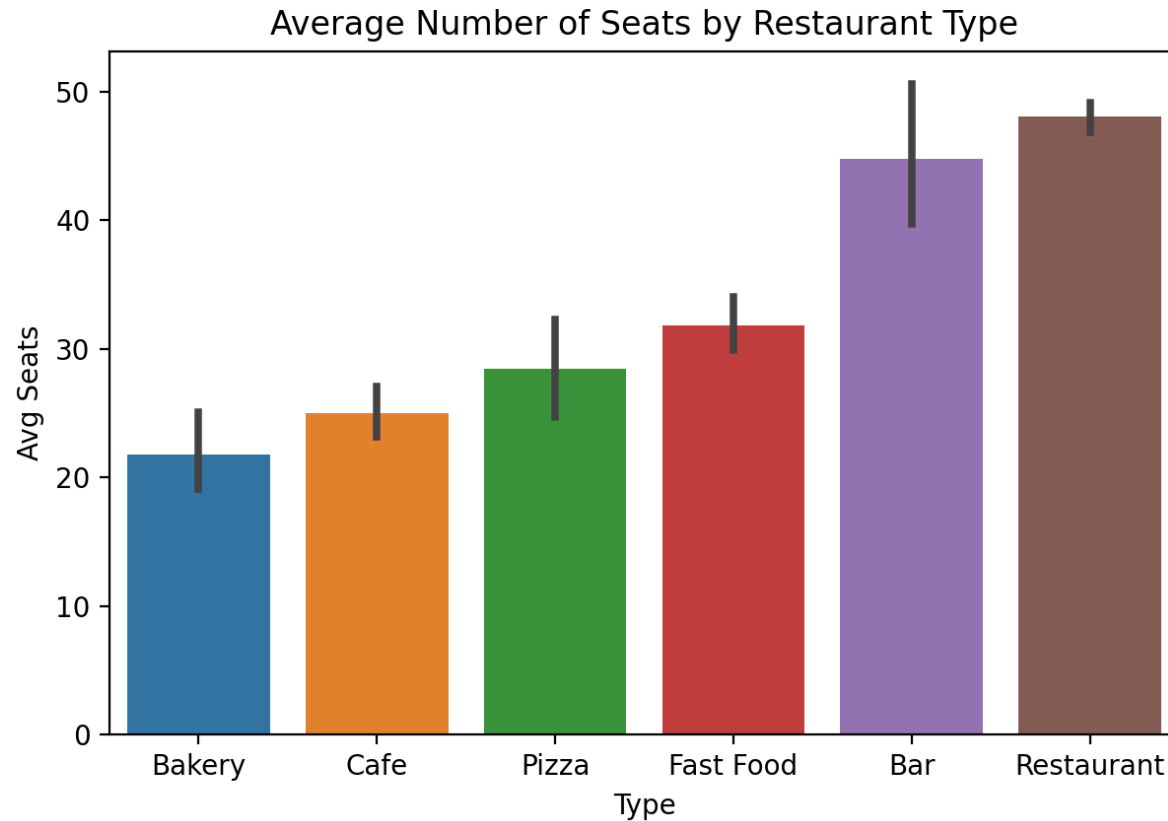
Characteristics of Chain Establishments

No. of Seats VS No. of Restaurants



Analyzing correlation between number of seats versus number of restaurants for chain-type establishments, we found a large cluster of brands with a high count of outlets and a low count of seats available for dine in. It is evident that the **success of very popular chains are not dictated by a large amount of seats**, but by other factors not seen at a macro level.

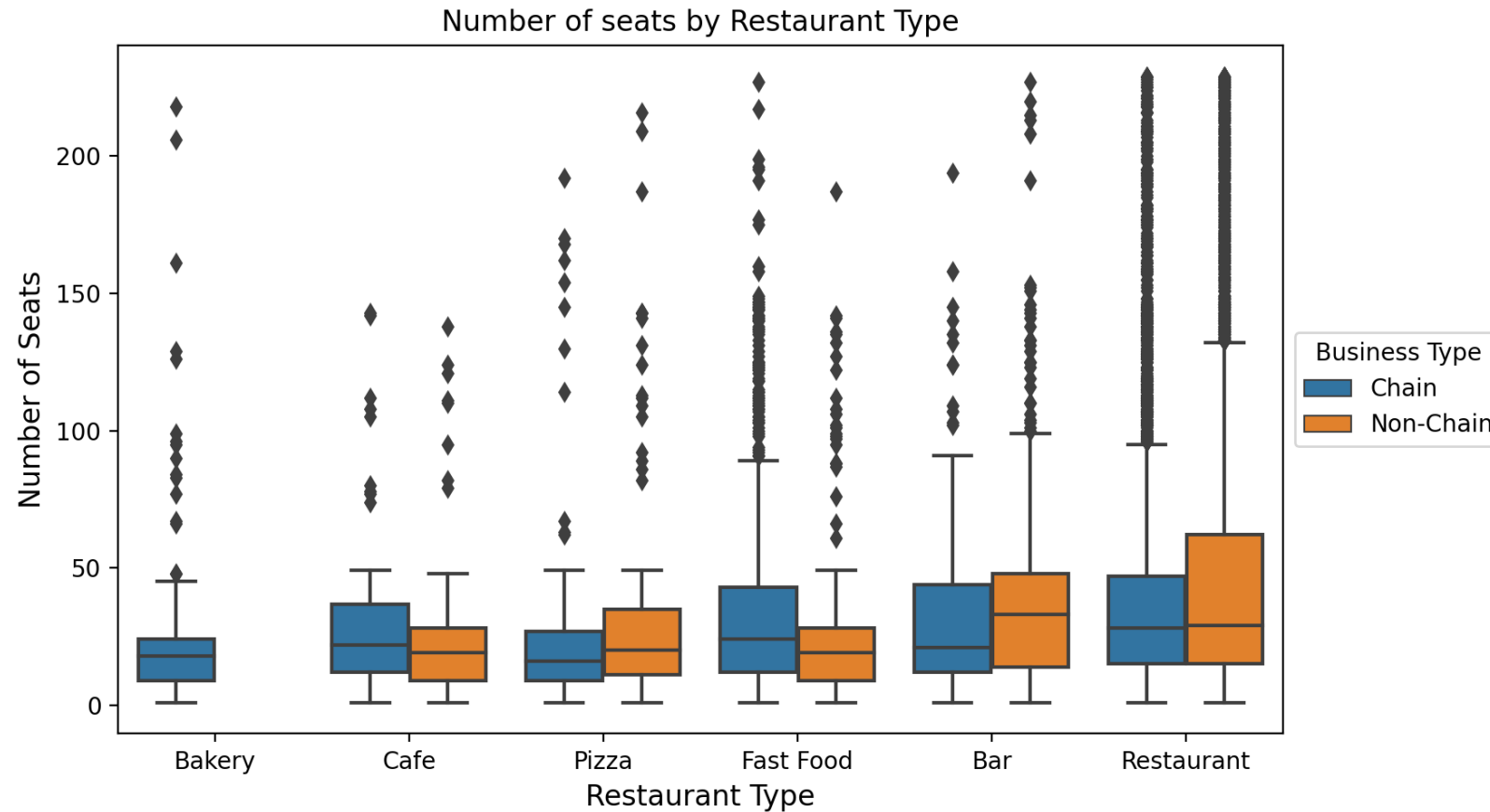
Average Number of Seats by Restaurant Type



The typical café overall had an average of roughly 25 seats compared to other establishment types. In contrast, bars and full-service restaurants provide on average 45 seats and above.

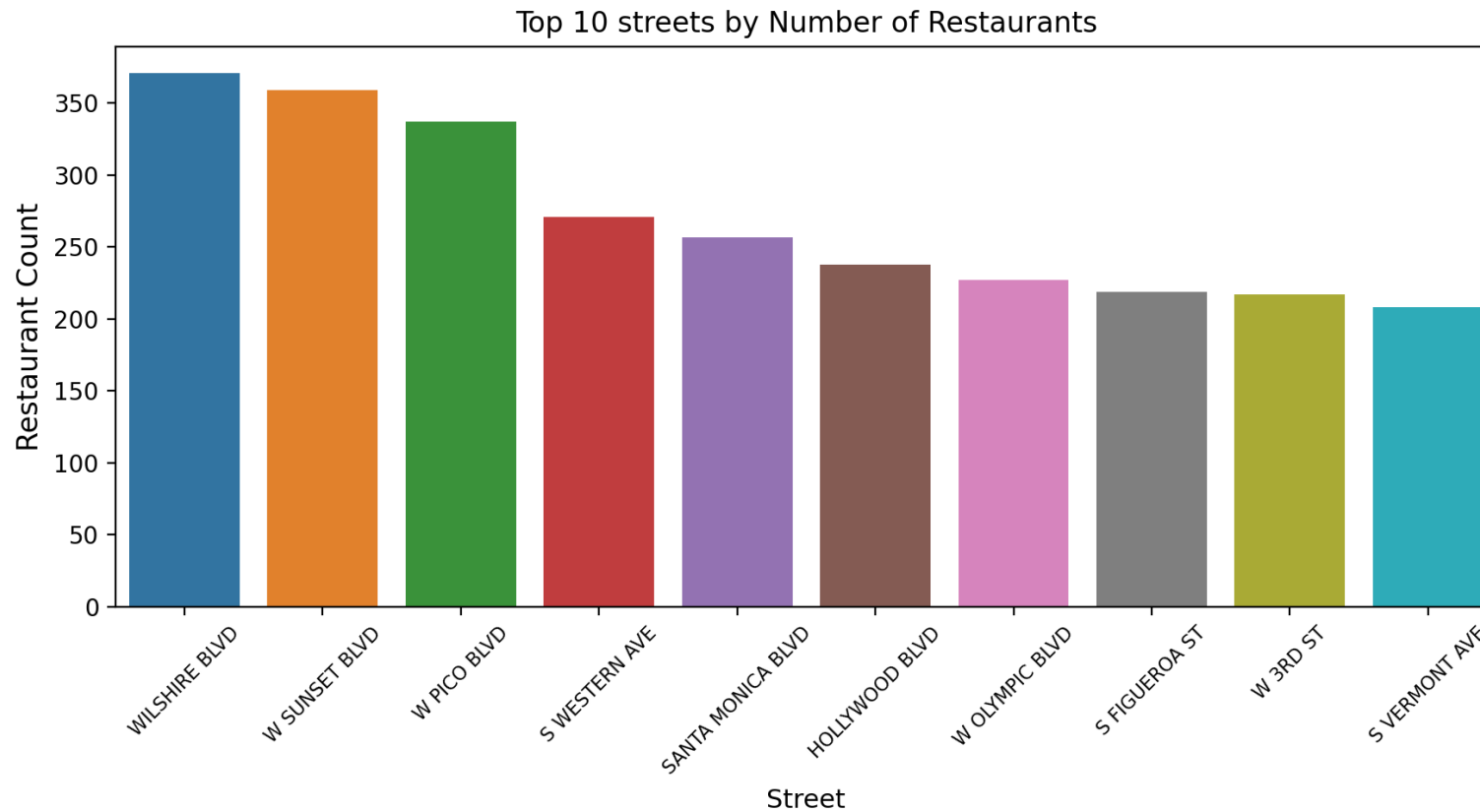
Average Number of Seats by Restaurant Type

Chain Vs Non-Chain



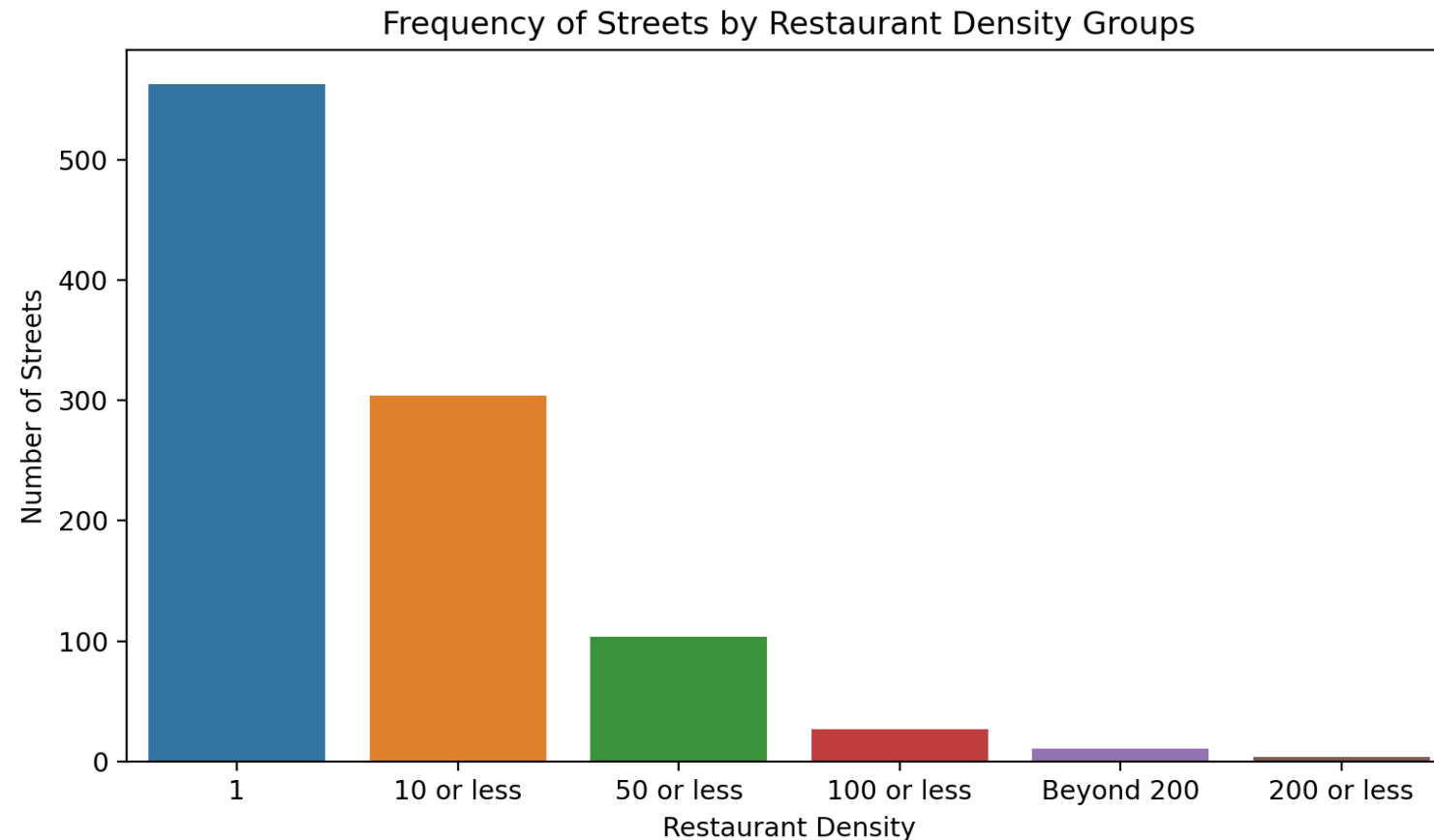
When analyzing distribution of seats by restaurant type, cafes for **both chain and non-chain establishments were roughly on par at 25 or so seats on average**. No drastic change was observed.

Street Density by No. of Restaurants | Top 10 Streets



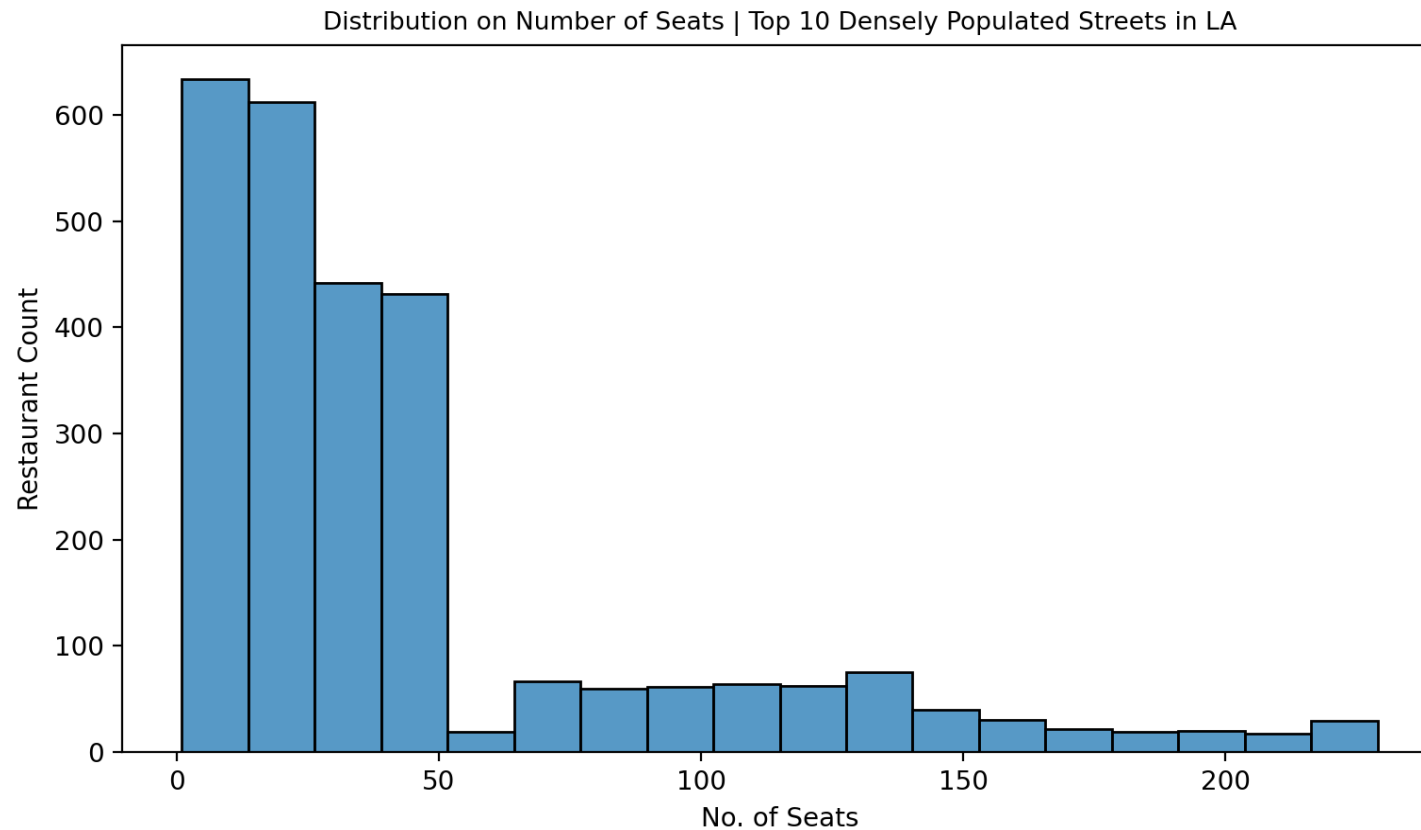
High traffic is a key criteria for our business concept. That being said, the most popular streets in LA by density of restaurants in the area are **Wilshire Boulevard, West Sunset Boulevard and West Pico Boulevard.**

Distribution by Street Density Groups



Our study on streets grouped by density of restaurants in the area highlight a couple of things; Share of streets with a singular restaurant or below a count of 10 make up the majority of our restaurant population in LA. On the opposite spectrum, there are far fewer streets with a density of 200 and above. **Hence, the importance of honing in on the right location for maximum traffic.**

Distribution on No. of Seats | Top 10 Streets in LA



With respect to our top 10 streets in terms of restaurant density, the typical restaurant on average contains roughly **50 or below seats for dine-in.**

Overall Conclusion

A) The ideal size for our café is **25 seats on average**, and should not cross the threshold of 50. As costs are already high, this will allow us to minimize wasted expenses and keep costs to the minimum, all while meeting the average demand of customers of our business type. After all, our key metric here is high turnover.

B) Location is paramount to our robot-run café succeeding. In terms of the best-case scenario and provided cost is within reason, the locations to aim for are **Wilshire Boulevard, West Sunset Boulevard and West Pico Boulevard**. These 3 streets represent the highest traffic areas in terms of restaurant density and would allow us to have continuity beyond the period of novelty that we are sure to attain at the starting stages of our business.