The Battle of the Neighborhoods

I. Introduction

a. Business problem

A clothing brand opened one retail store in Los Angeles, California about two years ago. Their sales have been over the roof, and with the help of social media they have been able to spread the word about their luxurious apparel. The Los Angeles store has been so successful and the demand for another store so high, that the owners decide that they want to expand their brand and open another store in another part of the country.

Los Angeles, California is known for being home to high-profile and high-class people, which is why their expensive store has thrived there. The owners know that if they want their second store to be equally (or even more) successful, they have to open it in a popular, big city with high-class residents as well.

After much thought, they narrow their options down to New York, New York, and Miami, Florida. However, the owners have conflicting thoughts about which city would be the best move and would attract the most clients.

Besides considering which city attracts the most people, they also want to consider how much the new location will cost and which location would pose the least risk to their brand's financial future.

b. Target Audience

My target audience in this project is mainly the owners of the clothing brand looking to expand their business (as described in the business problem). However, any business investor, specially in the clothing industry, would benefit from this analysis. It would be best if the investors were looking specifically at New York, New York and Miami, Florida as is done in this report, but the locations can be easily altered to fit their needs. A group of stakeholders looking to invest in a company can also use this analysis to determine if their investment in a brand will be a good choice.

II. Data

When deciding what data would be most useful for this analysis, I mainly thought about six points:

a. **Population:** The higher a city's population, the more potential customers and attention the business can expect. This data (for both New York and Miami) will come from the census.gov website, as well as the Wikipedia site for each city.
b. **Average Income:** Because this clothing brand is considered luxury, we need to determine the average income of each location. The more people earn, the more likely they will be able to afford the brand. If a cheaper business uses this analysis, they can also use the average income to determine how many people they can expect to buy their products or pay for their services. This data will be obtained from the census.gov website.
c. **Average Cost of Living:** The more expensive it is to live in a city, the less likely people are to spend money on anything but necessities. By looking at the average rent, housing costs, transportation costs, groceries, and other similar factors in each city's neighborhoods and boroughs, we can estimate how much people spend on non-essential items and services. We can also look at this factor combined with average income to determine this. This data will come from NUMBEO (numbeo.com) for both New York and Miami
d. **Existing Businesses:** If an area has a lot of businesses, that might be an indication that there's a good flow of customers that keep up the costs of these businesses. However, if the businesses are also clothing businesses, that would mean more competition. This data will come from census.gov as well as from Foursquare.
e. **Retail Sales:** We look at the total retail sale numbers and retail sales per capita to see how much people spend in the are we're analyzing (on average). This data will also come from census.gov.
f. **Most Popular Venues:** Last but not least, we will use Foursquare to look at the most popular venues in each neighborhood. This will also help us determine factor (d), the existing venues.

III. Methodology

I began my code by importing all necessary data from New York, New York. Some of the data, like for example the one from census.gov, is formatted in a way that we can't work on the data set, but we can still use it for analysis purposes. From this we

see that New York has five boroughs: Bronx, Brooklyn, Manhattan, Queens, and Staten Island. The same data is imported later on in the code for Miami.

I then import all the data from census.gov for both cities: population, age and sex, race and Hispanic origin, population characteristics, housing, families and living arrangements, computer and internet use, education, health, economy, transportation, income and poverty, businesses, and geography. All these aforementioned factors will aid our analysis of income and spending residents do in each city. From this, I also determine the population growth.

I import the data for costs of living in New York and Miami from NUMBEO. This tells us how much basic and non-essential services and products cost. We can use this data combined with the average salary.

I then create a map of both New York City boroughs and Miami. Because Miami does not have boroughs but rather numerous neighborhoods, I created a map of Miami as a whole rather than divided into neighborhoods for simplicity purposes. (See end of report for attachments)

Using Foursquare, I look into clothing venues and malls in both cities. For New York, I found that looking up ‘clothing’ on the search query was more successful than looking up ‘malls’. For Miami the opposite was true, since in Miami, most clothing stores are inside a mall, while in New York, most have street access and there aren’t many closed malls in the city. I have also created a map of these two cities’ stores (See end of report).

IV. Results

As mentioned, the first thing done in the report was importing the neighborhoods and boroughs of New York. I found that some of these boroughs have many more community boards than others; for example, Brooklyn has eighteen while Staten Island has only three, which could lead our analysis to determine that Brooklyn would attract more customer flow than Staten Island. Miami does not have boroughs, so we just use the neighborhoods for analysis.

From the census.gov data about population, I estimated that the population growth in New York City in nine years (from 2010 to 2019) was almost 2%. If this growth rate remains, we can expect the population nine years from then (in 2028) to be around

8,501,804. Miami population growth in the same nine years was around 17%, a huge difference! If this growth rate remains, we can expect the 2028 Miami population to be around 548,185; although this is a huge change, it's still around 15 times less than New York City population. This information is important because the more people in the area, the more potential clients, and the more we can expect the area to develop and grow over the years.

Looking at the costs of living in New York, we see that simple items like water (a 1.5 liter bottle) costs around $2.08. The same data for Miami tells us that this 1.5 liter water bottle costs around $2.00. Salary values, which is more important, indicates that the average monthly salary (after tax) in New York is around $5,636.77, while in Miami this same value is around $3,359.08. This might seem like an advantage for New York City but average price per square feet to buy an apartment in New York is $1,477.80 while in Miami it's $424.21. This shows us that although average salary is around 1.7 times higher in New York, living costs are more than three times higher.

Looking at clothing stores and malls in the cities with Foursquare, one can see that there's more popular stores found on Foursquare in Miami than in New York. Although a simple Google search can tell you that the same stores could be found in New York, this Foursquare search may indicate that they're easier to find and more accessible in Miami than in New York City. In fact, in my analysis, I tried looking for all malls and clothing stores in the whole vicinity of Miami and my code kept crashing. It wasn't until I narrowed it down to only the Dadeland mall area that my code displayed the names and properties of the stores. This shows the huge quantity of clothing stores in Miami and therefore the big demand for this type of business.

V. Discussion

Based on the observations I noted in the results section, I would recommend to the owners of this clothing brand to put up their new store in Miami. This recommendation comes based from the fact that salary is 1.7 times less in Miami but living costs are approximately 3 times cheaper, meaning people have more money to spend on non-essential items, and therefore luxury clothing, as explained previously. This also indicates that putting up a store here would be less expensive and would prove less of a financial risk to the business.

Besides this, Miami has a much higher population growth rate; this city is growing and expanding, and along with that comes the development of the city. New York City is growing less and although the population is already much higher there, the living costs are so high that you can expect people to spend less on anything but essential needs.

VI. Conclusion

In conclusion, New York City and Miami are both popular cities with great potential for any business investor, but as my discussion section explains, my recommendation would be for this business to start their new store in Miami.

VII. Attachments

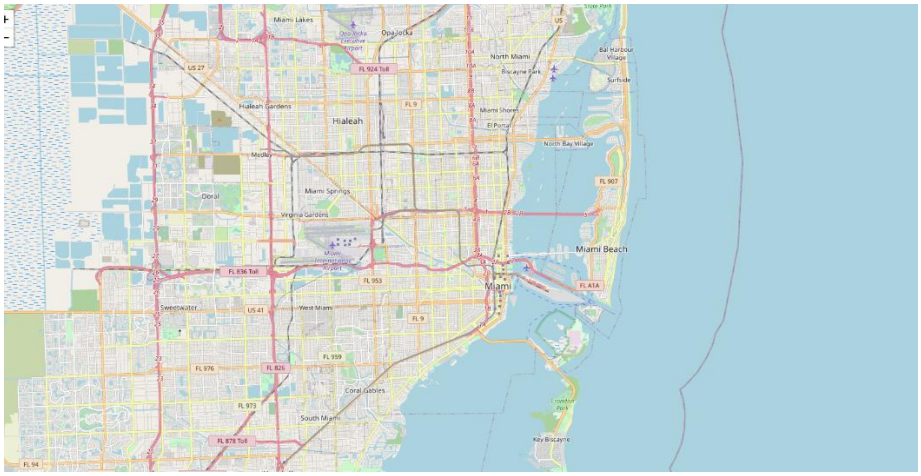

Figure 1: Miami map

Figure 2: New York City boroughs map

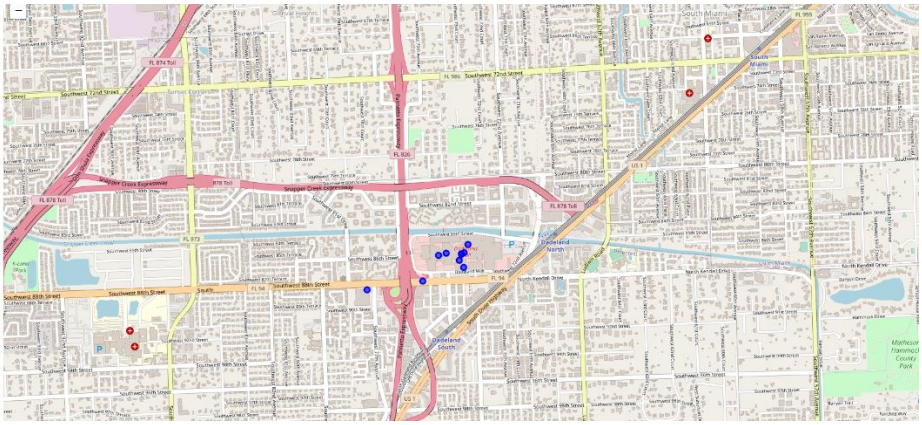

Figure 3: Miami stores (Dadeland Mall area only)

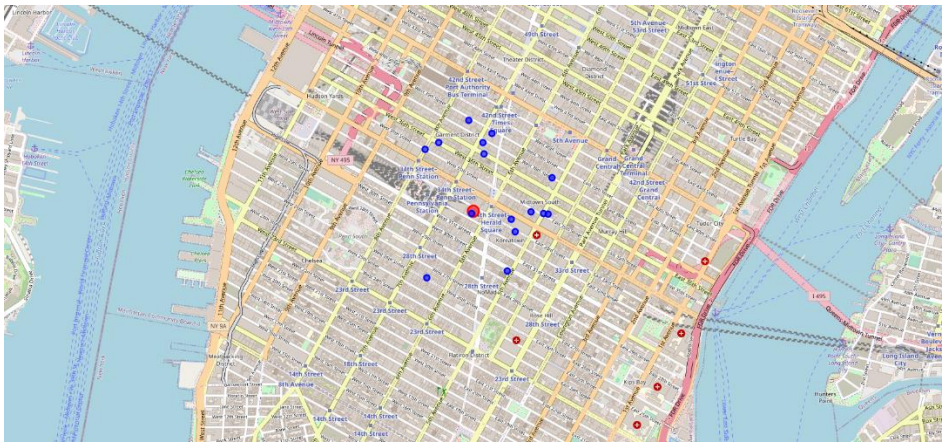

Figure 4: New York City stores

VIII. Sources

As mentioned throughout the report and the code, data was obtained from the following websites:

- https://www.census.gov/quickfacts/fact/table/newyorkcitynewyork/PST040219#qf-flag-X
- https://en.wikipedia.org/wiki/Neighborhoods_in_New_York_City
- https://www.health.ny.gov/statistics/cancer/registry/appendix/neighborhoods.htm
- https://www.numbeo.com/cost-of-living/in/New-York
- https://www.numbeo.com/cost-of-living/in/Miami
- https://www.census.gov/quickfacts/fact/table/miamicityflorida/POP060210
- https://en.wikipedia.org/wiki/List_of_neighborhoods_in_Miami
- https://worldpostalcode.com/united-states/florida/miami