



KAELA COFFEE COMPANY MARKET DEVELOPMENT RESEARCH

IBM APPLIED DATA SCIENCE CAPSTONE VIA COURSERA

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Introduction: Kaela Coffee Company

Established in 2008, Kaela Coffee Company (KCC) is a locally-owned coffee shop located in Miami, Florida. KCC primarily sells iced-coffees and an assortment of baked goods. Annual sales continue to increase year-over-year, and profits continue to set new record highs. After discussion with board members on the topic of increasing sales and profits, a market development strategy was selected with the goal of expanding one new location outside of the southern Florida location. After further discussion and analysis, San Francisco, California was selected as the target location to open a retail location, duplicating the operating model of the Miami KCC operation.

Before moving forward with development plans in San Francisco, and in an effort to make a good strategic decision on the new location, the board members are requesting an analysis report. The company requests an analysis of retail venues currently operating in San Francisco. Additionally, the company is requesting details on primary competitors in the San Francisco area. Finally, board members also request an official recommendation on which neighborhood to introduce the new retail location in. The goal opening date for the new retail location is May 2020.

Description of the Data

Research and analysis will be conducted with Foursquare location and venue data. This data set will be vital to highlight the current retail operations in the San Francisco locations under consideration. Foursquare is a technology company that uses location intelligence to build meaningful consumer experiences and business solutions.

Methodology

Foursquare data was used to analyze the ten districts in San Francisco that were under consideration: Central, Mission, Northern, Park, Tenderloin, Bayview, Richmond, Taraval, Ingleside, and Southern. For each region, the top ten category of venue was identified for each district. Additionally, all coffee establishments within a five-mile radius of the city were identified. Within these establishment, top competitors are highlighted as an additional business risk.

Results

Four of the ten districts have coffee venues within their respective top ten venue type by frequency. Central District has the highest frequency of coffee venues out of the ten districts. Within the five-mile radius, 49 coffee establishments were identified. Of these 49 venues, there are a few noteworthy competitors: Peet's Coffee, Blue Bottle Coffee, Ritual Coffee Roasters, and Philz Coffee.

Discussion

Coffee establishment activity is currently very high in many locations within San Francisco. However, there is intense competition in this arena. Of the ten districts under analysis, four were identified as having a high level of coffee vendors currently in operation. Evidence suggests that the establishments with comfortable venue locations and attractive prices see a steady flow of customers in high-traffic districts. Of particular note, four districts fall into this category: Central, Mission, Northern, and Tenderloin. Of these four, Tenderloin district is unique in that it has a slightly less density of coffee venues compared to the other three districts.

Of the four districts identified as high-volume locations, two have an additional benefit of being close in proximity to the Financial District - the Central and Tenderloin Districts. These locations experience an especially high volume of traffic during morning and lunch hour in addition to other prime customer activity times such as the weekends. It is worthwhile to note that this type of environment is what the firm currently operates in in the Miami, Florida location.

Conclusion

Based on current economic activity, slightly less density of current coffee venues, and similarity with the current Miami location, the recommended location for new Kaela Coffee Company operations is in the Tenderloin District of San Francisco.