

# Restaurant market conditions in Los Angeles

---

ANALYSIS AND RECOMMENDATIONS FOR BUSINESS

# General conclusions

---

- ❖ Most of the establishments are non-chain type, and 75% of all establishments are restaurants.
- ❖ Only bakeries are 100% chains, other types of establishments are mostly non-chain, or the difference isn't very prominent.
- ❖ On average all kinds of establishments have less than 30 seats.
- ❖ Most of chains have only 1 or 2 establishments.
- ❖ Top10 streets by the number of establishments contain 400 to 250 establishments per street.
- ❖ For top10 streets average number of seats varies from 22 to 36.
- ❖ 40% of streets have only one establishment on it.

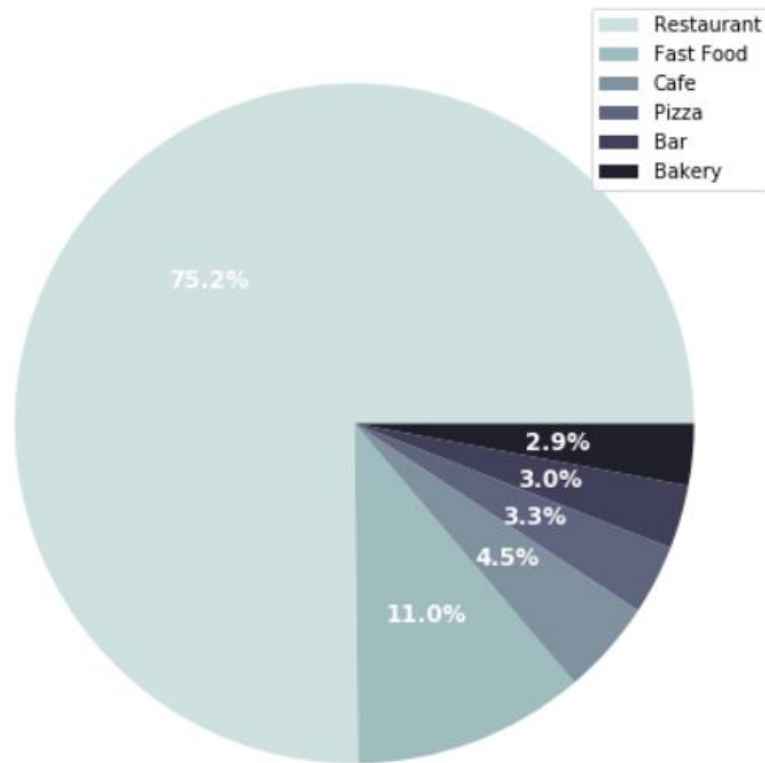
## Café:

- ❖ Only 5% of all establishments are cafés.
- ❖ 61% of cafés are chains, and 39% are non-chains;
- ❖ number of seats on average is pretty small: 21

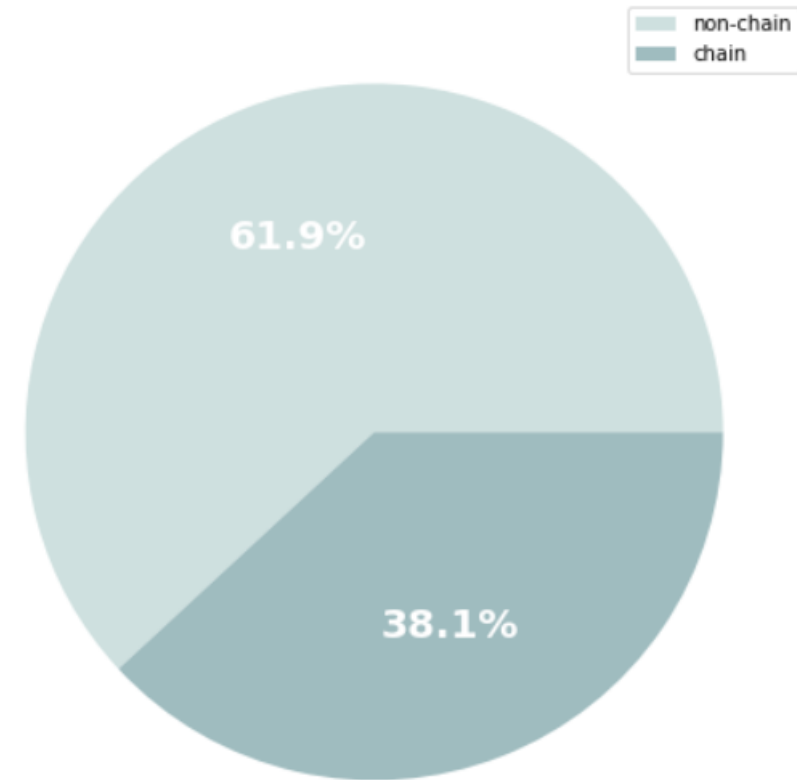
The analysis is based on a dataset, containing information about establishments in Los Angeles, such as: name of establishment and it's type: **restaurant, cafe, bar, bakery, fast food** and **pizza**; whether it is chain or non-chain, the address and the sitting arrangement.

# Types of establishments

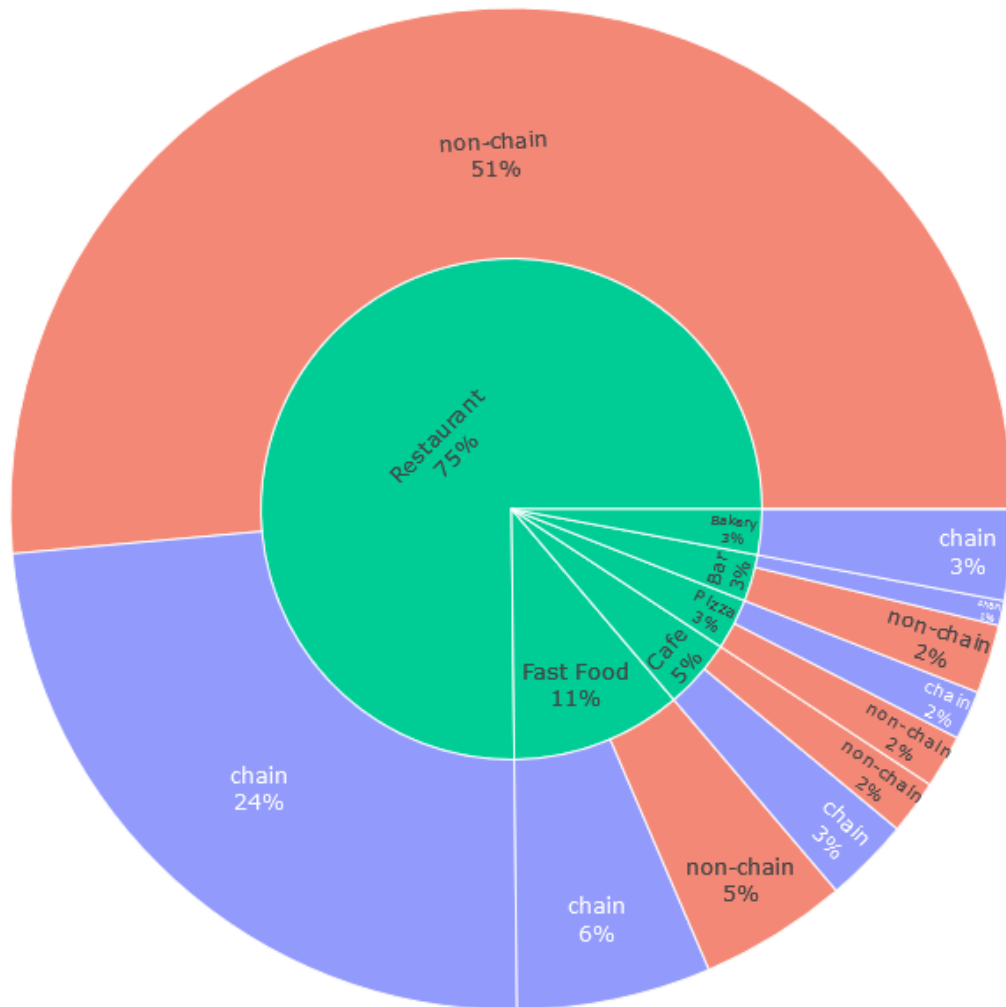
Proportions of restaurant types



Proportions of chain and non-chain establishments



## Types of chain and non-chain establishments

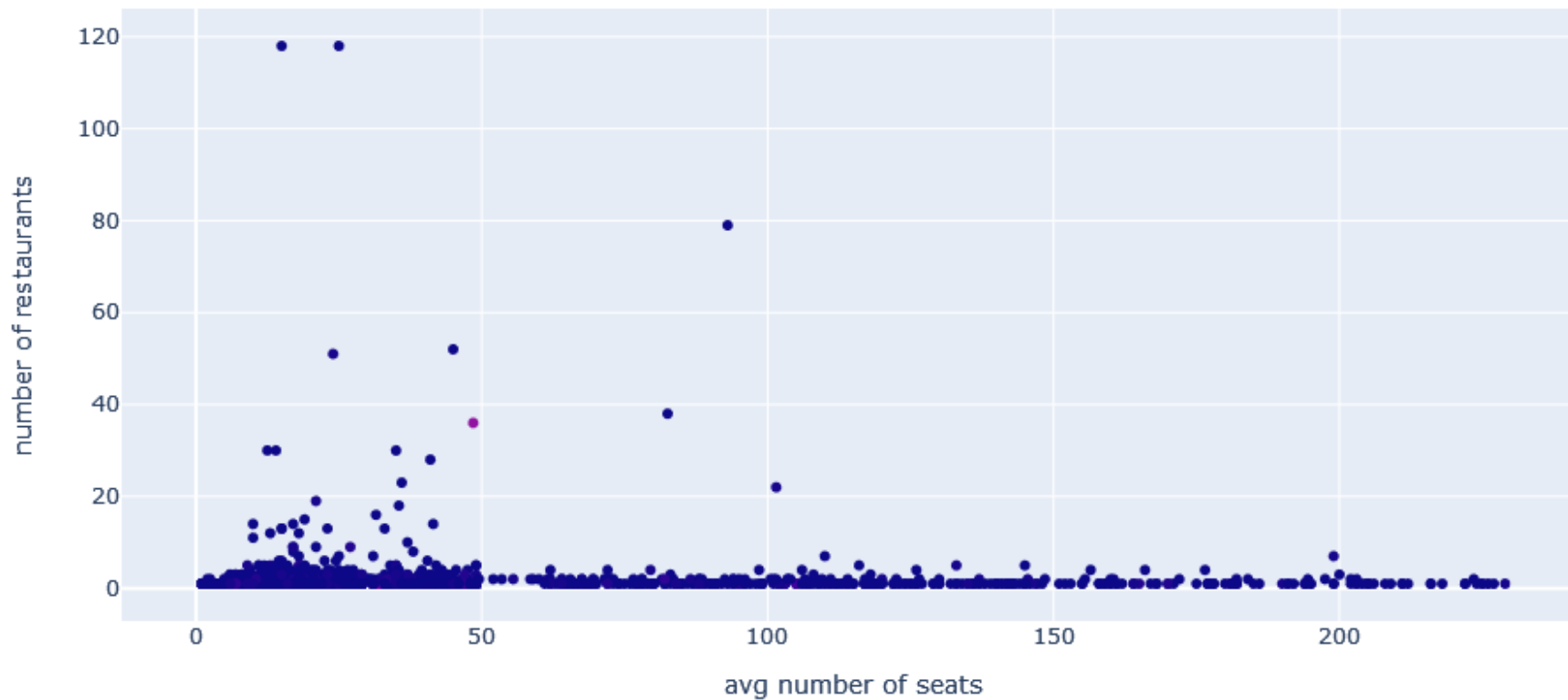


75% of all establishments is **restaurant** type, while **cafes** make only 5%. The majority of establishments is typically non-chain in general.

\* The most interesting case is **bakeries**, which are only chains. Possibly it implies certain monopoly and tough competition.

# Characteristics of chains: number of seats

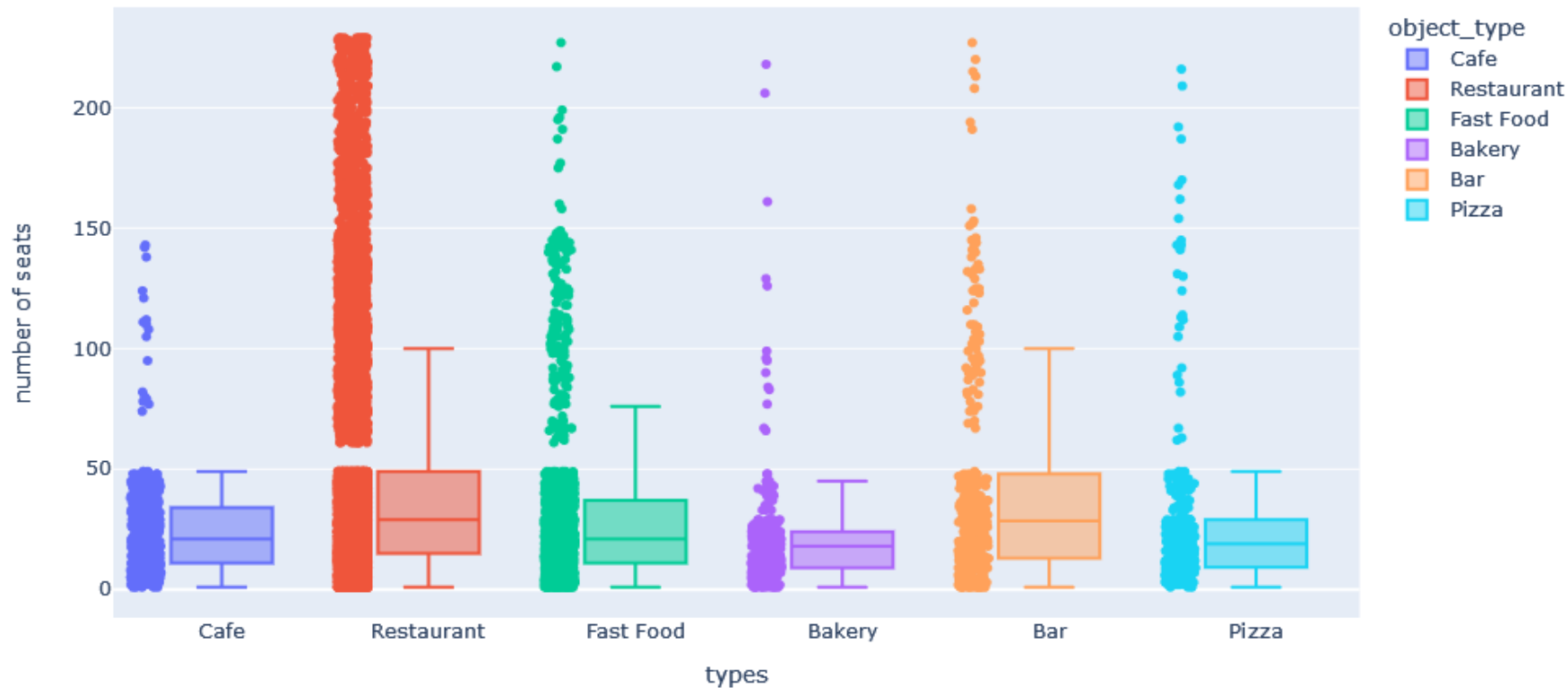
Correlation between number of establishments and sitting for chains



- top2 have 120 establishments for each, and for both the average number of seats is pretty low: 15 and 25 respectively.
- For other few chains with big amount of restaurants, they also mostly have a small number of seats, mostly lower than 50.
- The most of the data make chains with under 5 establishments, mostly 1 or 2, which have a very high variety of sitting arrangement, though the majority is less than 50.

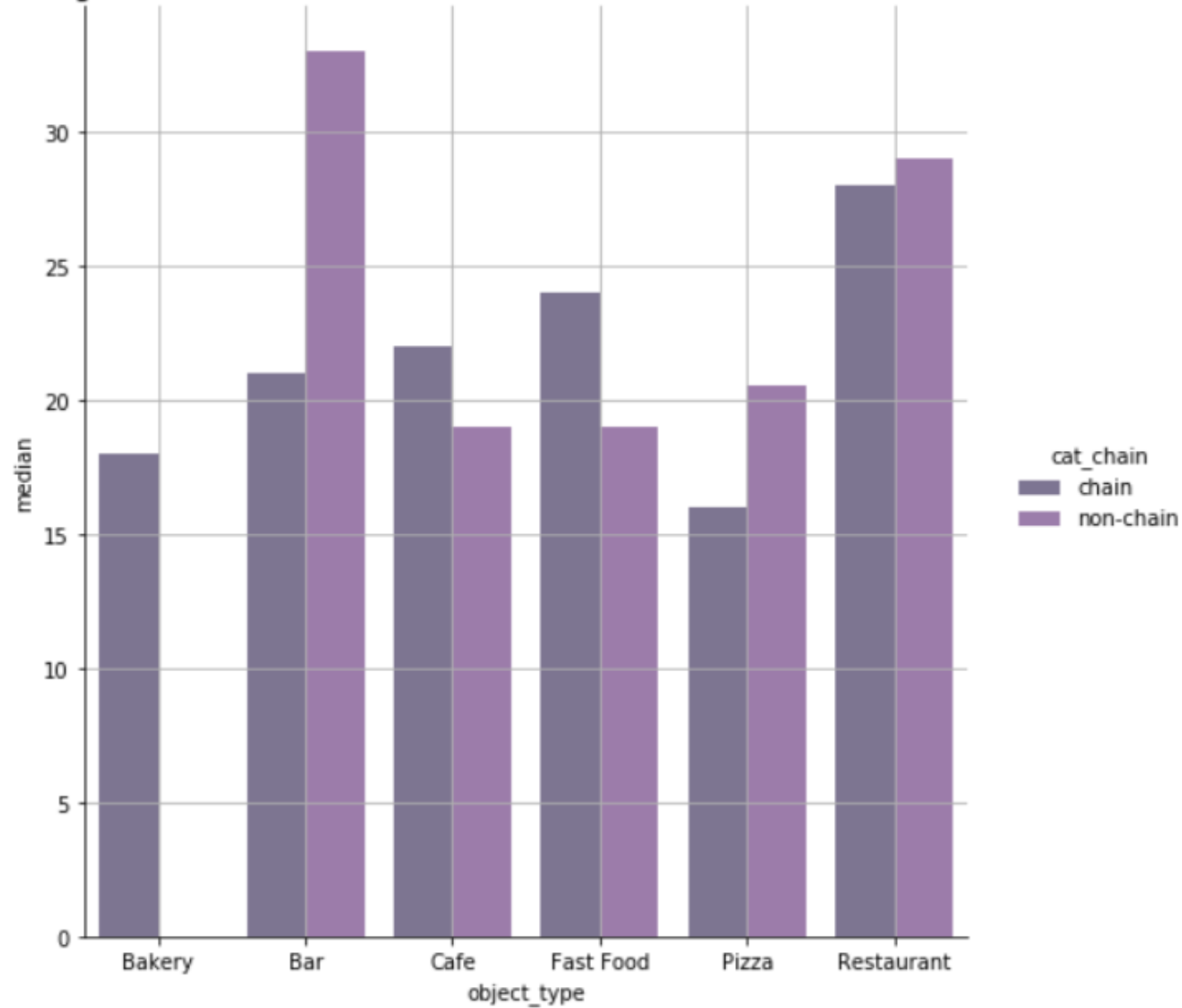
# Characteristics of types of establishments: number of seats

Distribution of the number of seats for each type of establishment



- Restaurants have the biggest variety. Additionally, it has the highest number of seats on average compared to other types of establishments - 29 seats.
- On the contrary, bakeries have the smallest average number of seats - 18.
- Cafes have 21 seats on average and there's no much variety.

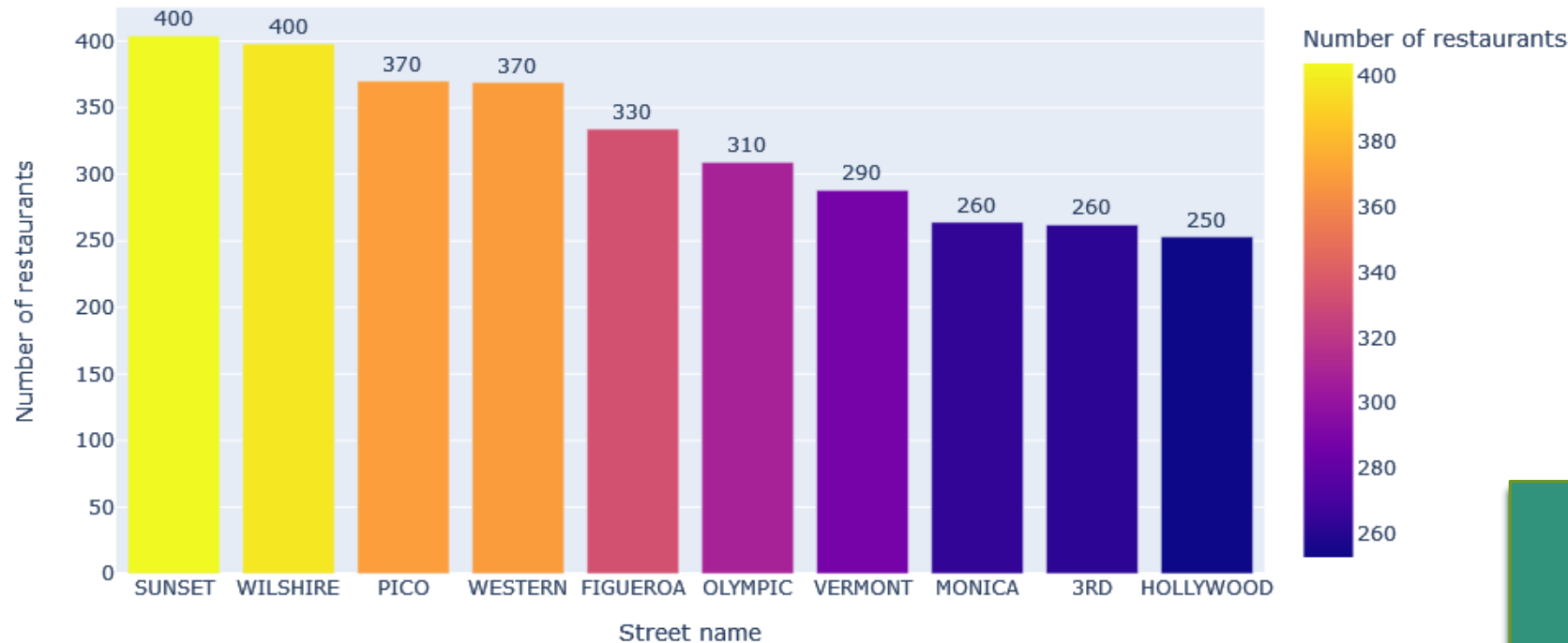
Average number of seats for chain and non-chain kinds of establishments



1. Typically there's no significant difference between chain and non-chain types, usually the difference is 1 to 5 seats.
2. The exception is the Bar category. For this category non-chain bars have much bigger number of seats than chain bars: 33 to 21.
3. For Cafe the difference is insignificant - only 3 seats.

# Top 10 streets by number of restaurants

Top10 streets by number of restaurants in LA

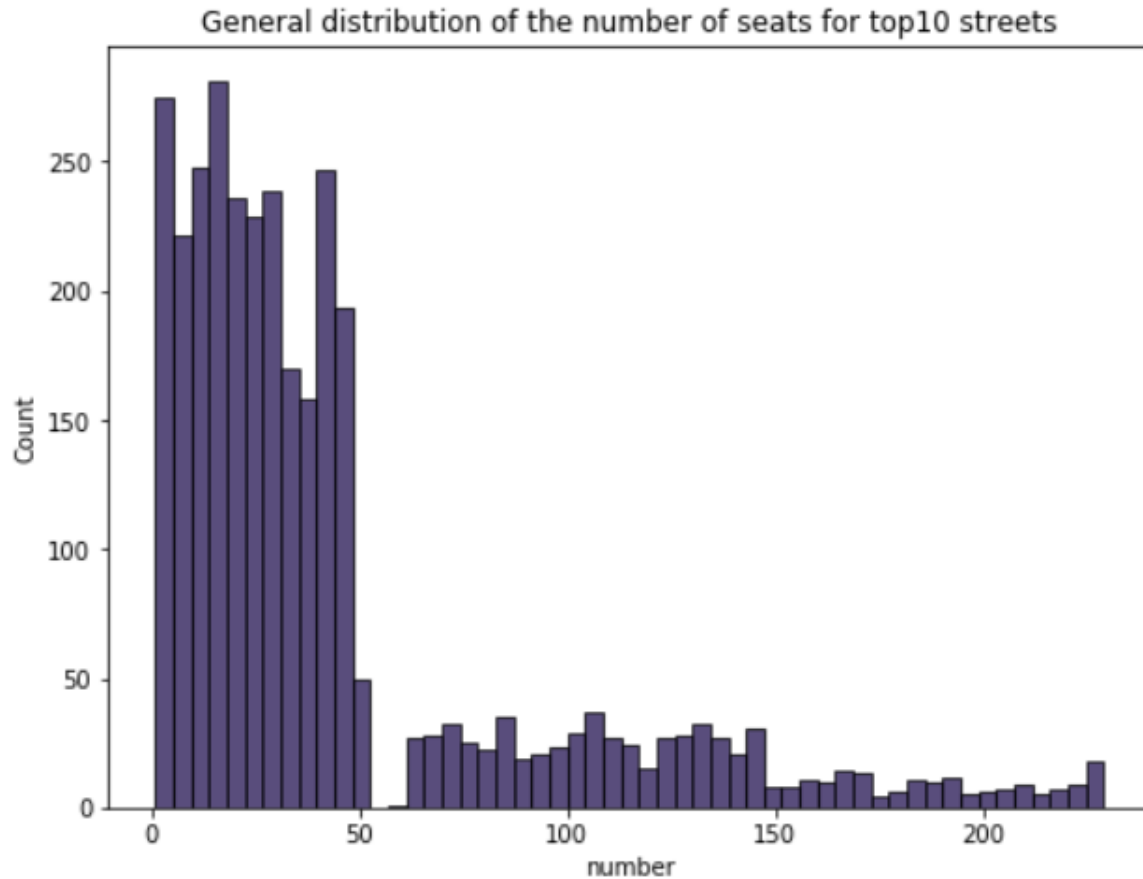


- The smallest number in top10 is 250 establishments.
- In top2 we have streets with 400 establishments on each: SUNSET street and WILSHIRE street.
- PICO and WESTERN streets, rated 3<sup>rd</sup> and 4<sup>th</sup>, both have 370 objects, which is pretty close to top2.

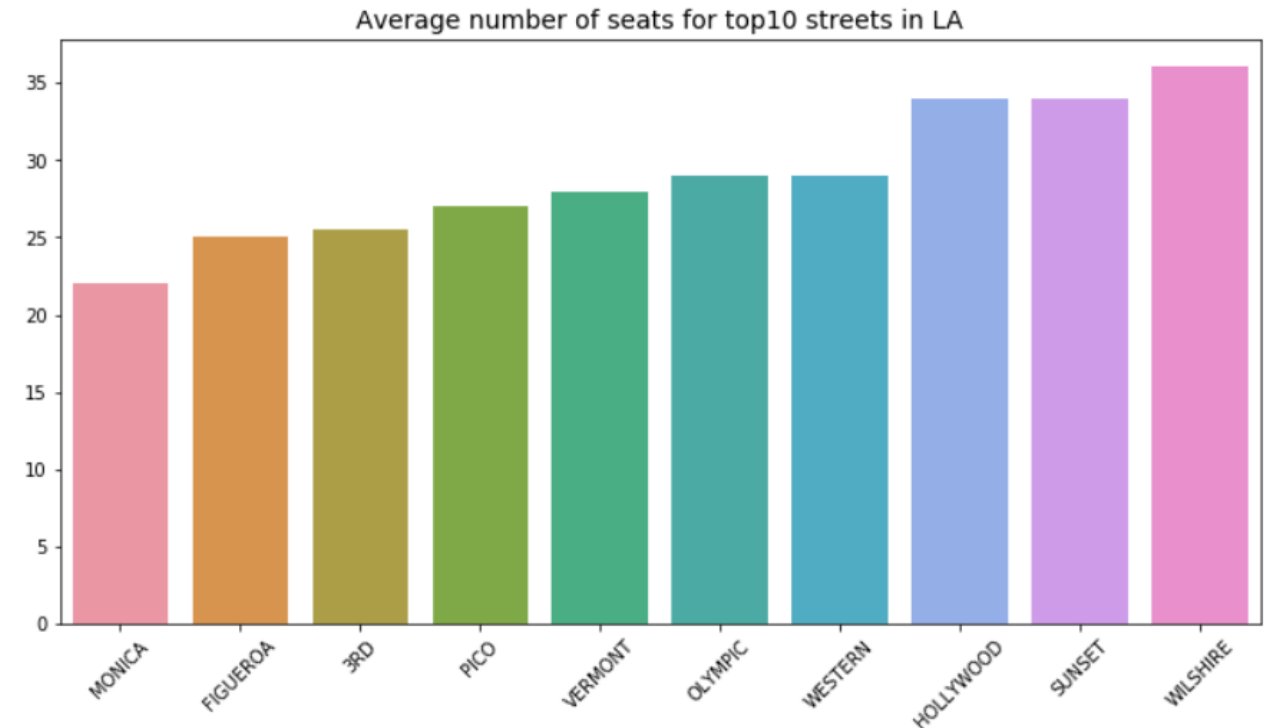
! Number of streets with only one restaurant: 186 , which makes 40 % from the total number of streets.



# Top 10 streets: distribution of the number of seats



- On the average the number of seats is less than 40.
- 7 out of top10 streets have less than 30 seats.
- Top2 streets SUNSET and WILSHIRE have the greatest number of seats: 34 and 36 respectively.
- The minimum average is 22 seats: MONICA street.



# Recommendations for business

---

- The establishment type is best not be a restaurant or bakery: for the first the competition is too high, for the second there seems to be monopoly, as all bakeries in LA are chains. Bars obviously aren't suitable to be operated by robots, which leaves us with pizzas and cafés as best choices.
- It doesn't really matter if we start as a non-chain establishment, but there's a room to create a chain in case of success, as 60% of cafés are chains, and it's totally normal for a chain to have 1 or 2 establishments, so we can gradually grow.
- 40% of streets have only 1 establishment, which implies that it may be hard to win a competition with other establishments on the same street. On the other hand, there is still plenty of room to find a street with only one establishment there. However, the choice of location may also affect chosen sitting arrangement.
- The average number of seats for cafés is 21, 19 for non-chain, meaning that starting with a small café with about 20 seats, which is about 10 tables, if we have only tables for 2, or even less if there will be a variety of table sizes - is a good choice. However, as mentioned above it is better to take into consideration the number of establishments on the street, as for the top 2 busiest streets the average number of seats is slightly higher, so adding a few tables can be an option.