Setting up a business in Santiago (Chile)

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The case

A German businesswoman is moving to Santiago because, 2 years ago, she went for vacations and she loved the city and the country. She has enough money to set up a local business, no matter what, she is pretty good selling things. Santiago is a big city (around 6 million people, divided in 35 boroughs) and she really doesn't know where to start because she visited just some tourist areas.

1-Problem

How to determinate the best option for a premium local business in Santiago.

1.2- Client requirements:

1- Client would like to run a premium local business (venue), at least in the beginning, so she is looking for a rich borough with high population density.

2- Client is looking for a the highest venue frequency because it means more demand and she wants to capture that demand by using innovative strategies.

3- After decided the type and location of the business, client wants to get tips from her competitors clients in order to consider their strengths and improve their weaknesses.

2-Data explanation

In order to obtain a rich borough with high population density, the information (table) will be extracted from https://es.wikipedia.org/wiki/Anexo:Comunas_de_Santiago_de_Chile. The following columns will be used: Borough ("Comuna"), Population Density ("Densidad Poblacional") and poverty rate ("Pobreza"). After getting and cleaning the information, a pandas data frame will be created.

1- It will be necessary to create a plot Bar by using matplot in order to visualize the relation between population density and poverty rate for each borough. Then, one borough will be recommended.

2- Then Foursquare api will be used to extract information of the borough and determine the top category according their frequency.

3- After determine the most common venue, it will be necessary to get at least 5 venues with ranking over 7.0 and get 2 tips for each one (because of the Foursquare account limitation).

3-Analysis

The graph (Figure 1), shows the relation between poverty rate and population density for each borough (ascending from left to right). According client requirements, it is clear that Ñuñoa is the best option, because it has a high population density (9698 Inhabitants per square kilometer, 11th place among 35 boroughs) and a low poverty rate (2.9, 3rd place), much more lower than the boroughs with higher population density.

Figure 1

Santiago Boroughs poverty/population
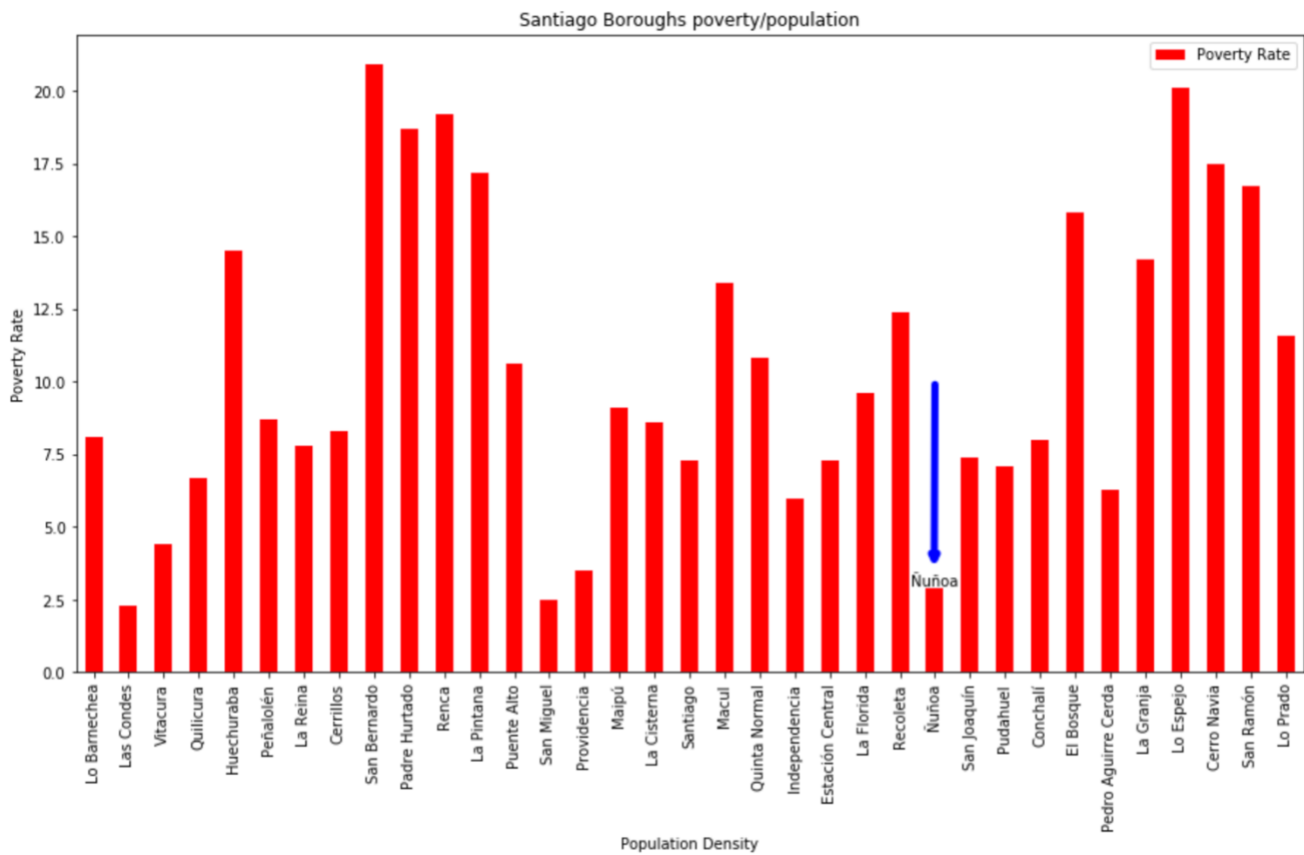
Analysis shows that there is 100 venues in the borough (Figure 2), and Bakery is the most frequent category with 9 venues (Table 1).
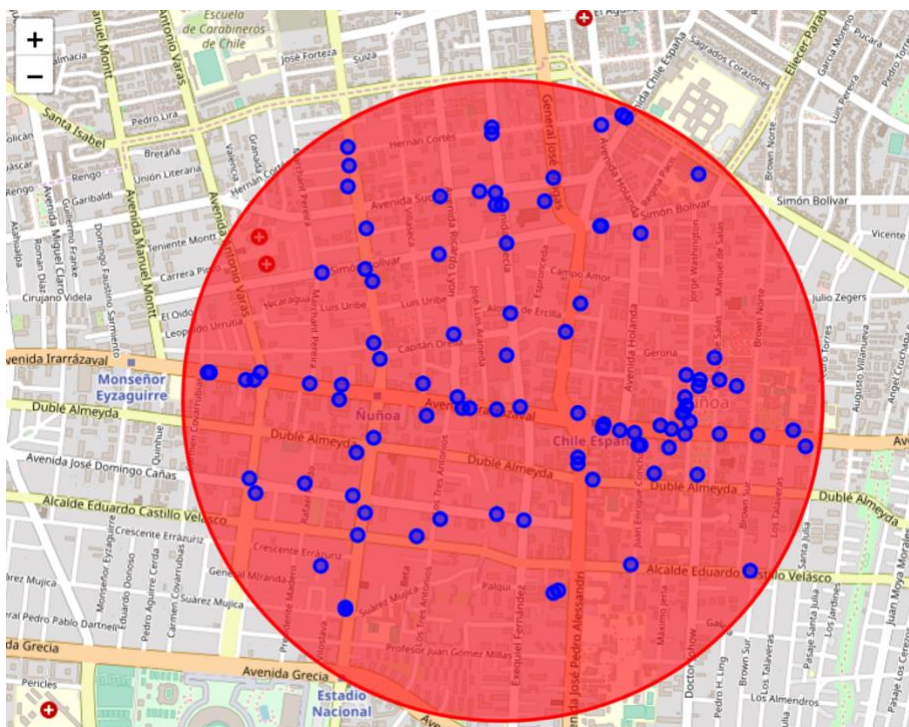
Figure 2

Table 1

	Top Venues	Category	Frequency
0	1	Bakery	0.09
1	2	Bar	0.06
2	3	Restaurant	0.05
3	4	Chinese Restaurant	0.04
4	5	Pet Store	0.03
5	6	Italian Restaurant	0.03
6	7	Pizza Place	0.03
7	8	Plaza	0.03
8	9	Sushi Restaurant	0.03
9	10	Farmers Market	0.02

After got the main category it was necessary to look for users rating of the venues and set a ranking (Table 2).

Table 2

	Venue Name	Category	Rating
0	Pastelería Mozart	Bakery	8.5
1	Gustapan	Bakery	8.1
2	Pastelería Pom Pan	Bakery	7.4
3	Doña Isidora	Bakery	7.1
4	il castello	Bakery	7.1
5	Pasteles Orientales	Bakery	6.9
6	La Espiga	Bakery	6.7
7	Monti	Bakery	6.5
8	Panaderia Oriente	Bakery	6.2

Then, venues over 7.0 were considered to extract users tips (five venues).Table 3 shows the tips for the best 5 bakeries.

Please, keep in mind that only 2 tips could be extracted according the Foursquare API restrictions for free accounts, but of course in a real context I would purchase a premium account.

Table 3

	Venue Name	Category	Ranking	First Tip	Second Tip
0	Pastelería Mozart	Bakery	8.5	Everything is exquisite! For my events I have bought several times sanwichitos of roast beef, ham and mini cheese burgers. I also recommend the tres leches cake, it is second to none!	They have treated me very well, I spent a day and came for an exam and the Mrs. in the box, I GIVE ME a coffee with milk while I waited for my cake, and now I will also go for my birthday
1	Gustapan	Bakery	8.1	Leave the comfort of the marraqueta, and dare to try the traditional Colombian bakery. Ask for the donut, the almohábana, the pandeyuca, if you like the sweet, dare to try the aborrajado.	The cakes are exquisite, especially the strawberry that is composed of a delicate lemon mousse natural strawberry and cream ... I recommend it completely 👰
2	Pastelería Pom Pan	Bakery	7.4	Very good the mini cake, "fresquita" the homemade preparation is noticed, with a lot of delicacy, whole walnuts and lucuma. Maybe they exaggerate with merengue but still a very good cake to share.	If you have not visited the bakeries of Puerto Varas, this is your best and faithful reflection, you will love the cupcakes!
3	Doña Isidora	Bakery	7.1	Exquisite bread, tasty empanadas. I recommend the bread rye in loaf or individual ... It is a sin to put butter on it, it is rich by itself. Hopefully they maintain the quality of the ingredients.	Wonderful empanadas especially the one of meat mechada! Of li cio sas !!! And re good price
4	il castello	Bakery	7.1	Delicious pastas made in the same place	The rabioles and the spinach empanadas

4- Conclusions and Recommendations

1- Chile is one of the top countries in bread consumption[1]. Around 96 kg per capita (year), which meets the recommendations of the World Health Organization (more than 90 kg per capita). Also, Chileans love cakes and sweet bakery. Thus, information extracted in this report is matches that.
2- Ñuñoa is the best option for a premium business because data shows that is a rich borough with a high level of population density.
3- According users tips, bakeries in Ñuñoa are heterogeneous, some of them are more "salty oriented" and others are more "sweet oriented", so, combine those 2 world could be an advantage.
4- Germany is famous for its bread and cakes, and Chileans like their products because of the German immigration in the past (south of Chile), but always is a mix with other influences.
5- In conclusion, bases on the analysis, a 100% German premium bakery (bread and cakes) in Ñuñoa, could be good option to set a business in Santiago of Chile.

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[1] http://www.revistaaral.com/es/notices/2015/10/el-consumo-de-pan-en-espana-se-reduce-un-9-en-los-ultimos-4-anos-75472.php#.XI2S-lP0nPA