

# SOLVING AN OPTIMAL BUSINESS LOCATION PROBLEM

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# Objective

- In this project we will be determining the optimal location of a business in a city area by:

Extracting the necessary data from the Madrid's City Hall and the Foursquare API.

Making a segmentation by neighborhood and population characteristics in Madrid (Clustering).

Analyzing the results and extracting conclusions based on them.

The data that was used contained information about the nationalities of the inhabitants of each neighborhood and the quantity of people by neighborhood:

|   | Country of<br>Procedence | Total<br>Ciudad<br>de<br>Madrid | Centro | Arganzuela | Retiro | Salamanca | Chamartin | Tetuán | Chamberí | Fuencarral-<br>El Pardo | Moncloa-<br>Aravaca | Latina |
|---|--------------------------|---------------------------------|--------|------------|--------|-----------|-----------|--------|----------|-------------------------|---------------------|--------|
| 0 | Rumanía                  | 45036.0                         | 815.0  | 754.0      | 480.0  | 753.0     | 680.0     | 1468.0 | 597.0    | 1830.0                  | 991.0               | 4904.0 |
| 1 | China                    | 37276.0                         | 1508.0 | 1356.0     | 564.0  | 755.0     | 652.0     | 1988.0 | 816.0    | 1733.0                  | 960.0               | 2554.0 |
| 2 | Ecuador                  | 23953.0                         | 647.0  | 741.0      | 265.0  | 619.0     | 380.0     | 1395.0 | 453.0    | 632.0                   | 387.0               | 2194.0 |
| 3 | Venezuela                | 23359.0                         | 1563.0 | 913.0      | 638.0  | 1564.0    | 933.0     | 1310.0 | 794.0    | 1428.0                  | 630.0               | 1448.0 |
| 4 | Colombia                 | 22618.0                         | 998.0  | 717.0      | 483.0  | 803.0     | 551.0     | 822.0  | 659.0    | 999.0                   | 454.0               | 1786.0 |

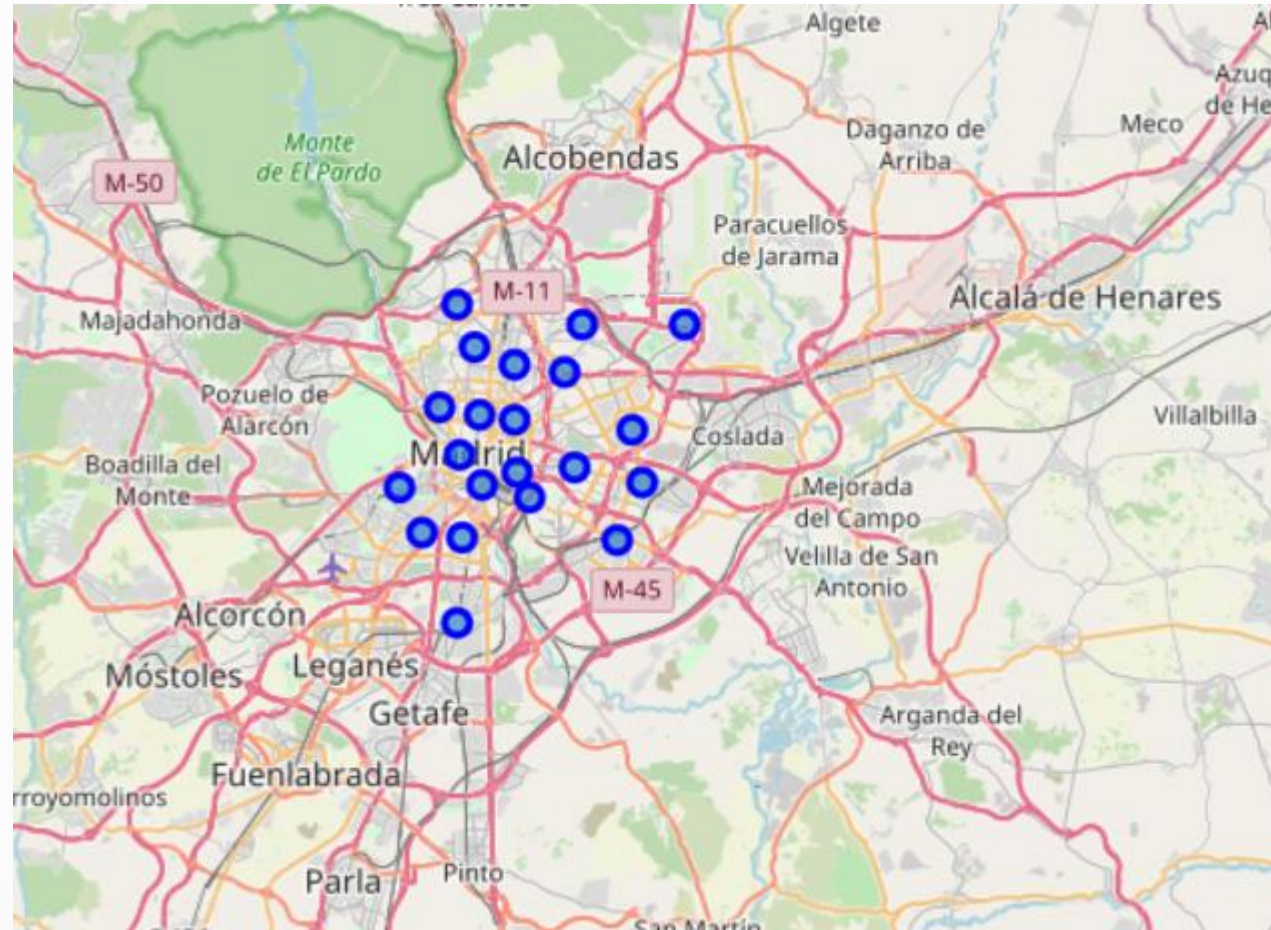


In order to access the Foursquare API data, the raw data had to be transformed this into something useful for the API:

- A second data frame was created
- The neighborhoods' names were included
- The latitude and longitude values of each neighborhood were added

|   | Neighborhood        | Latitude  | Longitude |
|---|---------------------|-----------|-----------|
| 0 | Centro              | 40.415347 | -3.707371 |
| 1 | Arganzuela          | 40.402733 | -3.695403 |
| 2 | Retiro              | 40.408072 | -3.676729 |
| 3 | Salamanca           | 40.430000 | -3.677778 |
| 4 | Chamartin           | 40.453333 | -3.677500 |
| 5 | Tetuán              | 40.460556 | -3.700000 |
| 6 | Chamberí            | 40.432792 | -3.697186 |
| 7 | Fuencarral-El Pardo | 40.478611 | -3.709722 |
| 8 | Moncloa-Aravaca     | 40.435151 | -3.718765 |
| 9 | Latina              | 40.402461 | -3.741294 |

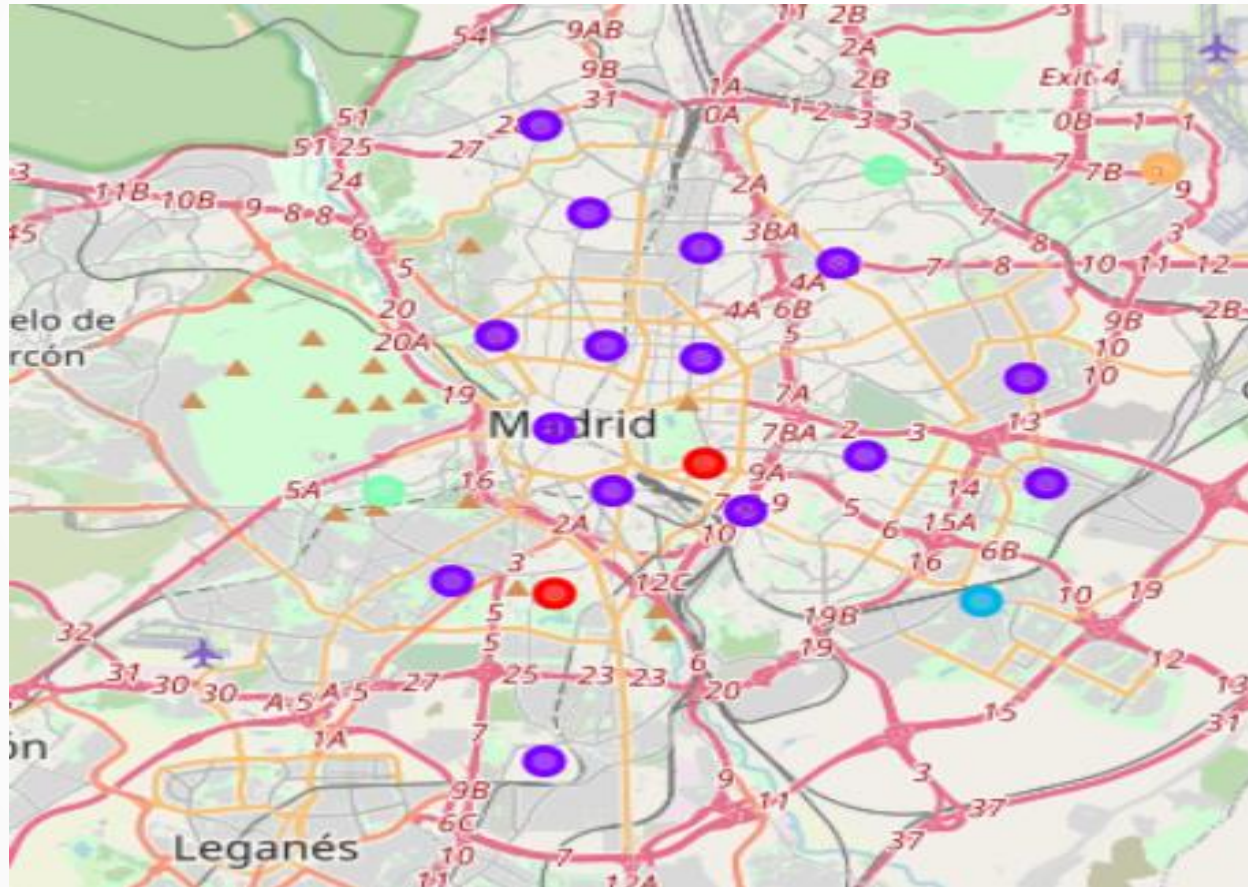
Once the data was obtained, it was possible to draw the neighborhoods on a map:



Then, the nearby venues by neighborhood were extracted along with their frequencies of occurrence

|   | Neighborhood        | 1st Most Common Venue | 2nd Most Common Venue | 3rd Most Common Venue  | 4th Most Common Venue | 5th Most Common Venue | 6th Most Common Venue | 7th Most Common Venue | 8th Most Common Venue | 9th Most Common Venue | 10th Most Common Venue |
|---|---------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| 0 | Arganzuela          | Restaurant            | Spanish Restaurant    | Grocery Store          | Bakery                | Tapas Restaurant      | Gym / Fitness Center  | Falafel Restaurant    | Sandwich Place        | Breakfast Spot        | Burger Joint           |
| 1 | Barajas             | Hotel                 | Spanish Restaurant    | Restaurant             | Coffee Shop           | Tapas Restaurant      | Wine Bar              | Diner                 | Mexican Restaurant    | Fast Food Restaurant  | Argentinian Restaurant |
| 2 | Carabanchel         | Soccer Field          | Bakery                | Pizza Place            | Plaza                 | Nightclub             | Burger Joint          | Fast Food Restaurant  | Metro Station         | Tapas Restaurant      | Park                   |
| 3 | Centro              | Plaza                 | Tapas Restaurant      | Spanish Restaurant     | Hostel                | Cocktail Bar          | Bistro                | Café                  | Ice Cream Shop        | Pastry Shop           | Gym / Fitness Center   |
| 4 | Chamartin           | Spanish Restaurant    | Restaurant            | Grocery Store          | Bakery                | Tapas Restaurant      | Café                  | Gastropub             | Coffee Shop           | Pizza Place           | Park                   |
| 5 | Chamberí            | Spanish Restaurant    | Restaurant            | Bar                    | Japanese Restaurant   | Brewery               | Café                  | Tapas Restaurant      | Plaza                 | Italian Restaurant    | Gastropub              |
| 6 | Ciudad Lineal       | Spanish Restaurant    | Supermarket           | Argentinian Restaurant | Gastropub             | Restaurant            | Burger Joint          | Gym / Fitness Center  | Cosmetics Shop        | Music Venue           | Diner                  |
| 7 | Fuencarral-El Pardo | Clothing Store        | Fast Food Restaurant  | Burger Joint           | Italian Restaurant    | Tapas Restaurant      | American Restaurant   | Coffee Shop           | Sandwich Place        | Restaurant            | Pizza Place            |







# Conclusions

- As far as we can see with this data, there are no Mexican populations registered in Madrid. However, in Cluster 1, it is possible to notice that there's a Mexican restaurant located in the "Centro" neighborhood, which is the town center.
- If a deeper exam is performed into this cluster, it is noticeable that its living population are mostly Latinos, mixed with some other Europeans, but mainly, the people living in this cluster come from south American countries. Apart of this fact, other kinds of Latin restaurants can be found, like Argentinian restaurants, tapas restaurants, and Italian restaurants. So, it is possible to tell that the inhabitants of this area like these kinds of food.
- By following this logic, if we would like to open a new Mexican restaurant in the city or any kind of restaurant in fact, it would only be necessary to find a where are the restaurants similar the one we want to open, study the population in that area, and find similar clusters of population in the city that don't have yet or have very few restaurants like the one we would like to open.





# Conclusions – Cont'd

- In this example, clusters 4 and 5 could make a good match for our target population. Looking at the venues in these clusters, it is possible to find one Mexican restaurant, and a good bunch of fast food, Argentinian, and south American restaurants. So, in these clusters, it is possible to state that the existing restaurants matches the population's nationalities and tastes.
- In conclusion and taking into consideration the explanations given above as well as the data, it is highly possible that clusters 4 and five could be a good place to open our Mexican restaurants. As explained above, the same logic could apply to open other kind of restaurant or business in any other area of the city. It is only necessary to examine the existing businesses in our target area, and study the population, then compare these two factors with the same ones in areas where there are existing businesses like the one we want to open, and then verify if the matching is correct.



Thank you.