# **BAN440** - Term Paper Code

Candidate numbers: 74, 79, 85

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## Packages used

```
# relevant libraries
library(tidyverse)
                        # For data manipulation
library(readxl)
                        # For reading Excel files
library(fastDummies) # For creating dummy variables
library(knitr)
                        # For creating tables
library(stargazer)
                        # For creating regression tables
                         # For data splitting and model evaluation
library(caret)
                        # For file path management
library(here)
library(httr)
                        # For API requests
library(jsonlite)
                       # For JSON parsing
                        # For reading CSV files
library(readr)
library(stringr)
                        # For string manipulation
library(tidyr)
                        # For unnesting
                      # For writing Excel files
# For distance calculations
library(writexl)
library(geosphere)
library(caret)
                        # For data splitting and model evaluation
library(kableExtra)  # For creating tables library(tidymodels)  # For machine learning
                          # For spatial data handling
library(sf)
library(csmaps)
                          # For spatial data visualization
```

#### Data

#### Vinmonopolet API

Detailed descriptions of each Vinmonopolet store per 2024

```
Accept = "application/json",
                  `Ocp-Apim-Subscription-Key` = subscription_key # API authentication
                ))
# Check response status
if (status_code(response) == 200) {
 # Convert API response to JSON and store it
 data <- content(response, as = "text", encoding = "UTF-8")</pre>
 store_data <- fromJSON(data)</pre>
 # View first few rows
 print(head(store_data))
} else {
 print(paste("Error:", status_code(response)))
# ----- Combine API with Vinmonopol Data ---
# Ensure store_data_clean is correctly formatted
store_data_clean <- store_data %>%
 unnest_wider(address) %>% # Expands nested address fields
 select(
   storeId,
   storeName,
   status,
   postalCode,
   city,
   gpsCoord
 ) %>%
 rename(
   Store_ID = storeId,
   Store_Name = storeName,
   Store_Status = status,
   Postal_Code = postalCode,
   City = city,
   GPS_Coordinates = gpsCoord
 )
```

```
# Transforming to normal characters
store_data_clean$Store_Name <- iconv(store_data_clean$Store_Name, from = "UTF-8", to = "ASC
store_data_clean$Store_Name <- trimws(store_data_clean$Store_Name)</pre>
```

## Dimpostnummer merge

As stores have postal codes instead of municipality codes, we need a merge data set inbetween

```
# Read the Dimpostnummer data
dimpostnummer_xlsx <- here("Data", "Vinmonopolet", "dimpostnummer.xlsx")

dimpostnummer_data <- read_excel(dimpostnummer_xlsx) %>%
    select("Postnummer", "Poststed", "Fylke", "KommuneKode", "Kommune")

# Merge with store_data_clean
store_data_clean <- store_data_clean %>%
    left_join(dimpostnummer_data, by = c("Postal_Code" = "Postnummer"))
```

## Vinmonopolet 2024

The "foundation" with store names and sales data for 2024

```
# Set locale to UTF-8
Sys.setlocale("LC_ALL", "en_US.UTF-8")

# Use here package to define the working directory
Vinmonopolet_2024 <- here("Data", "Vinmonopolet", "Vinmonopolet_2024.xlsx")

# Get the names of all sheets in the Excel file
sheet_names <- excel_sheets(Vinmonopolet_2024)

# Read each sheet into a list of data frames, skipping the first row
list_of_dfs <- lapply(sheet_names, function(sheet) {
   read_excel(Vinmonopolet_2024, sheet = sheet, skip = 2)
})

# Combine all data frames into a single data frame</pre>
```

```
combined_data <- bind_rows(list_of_dfs)</pre>
# View the combined data frame
print(combined_data)
# Unique values in the first column
unique_values <- unique(combined_data$...1)</pre>
print(unique values)
# Transforming to normal characters
combined_data$...1 <- iconv(combined_data$...1, from = "UTF-8", to = "ASCII//TRANSLIT")</pre>
combined_data$...1 <- trimws(combined_data$...1)</pre>
# Define the values to filter out
values_to_exclude <- c(</pre>
  "Svakvin", "Rodvin", "Hvitvin", "Musserende vin", "Rosevin",
  "Perlende vin", "Aromatisert vin", "Sider", "Fruktvin",
  "Brennevin", "Vodka", "Likor", "Whisky", "Akevitt",
  "Brennevin, annet", "Gin", "Druebrennevin",
  "Brennevin, noytralt < 37,5 %", "Rom", "Bitter",
  "Fruktbrennevin", "Genever", "Ol", "Alkoholfritt", "Sterkvin", "Totalsum",
  "eLager"
# Column names of combined data
colnames(combined_data)
# Filter out the specified values from the first column
filtered_data <- combined_data %>%
  mutate("2024" = as.numeric(`2024`),
         "Store" = as.character(`...1`)) %>%
  filter(!.[[1]] %in% values_to_exclude) %>%
  select("Store", "2024")
# Export the filtered data to an Excel file
#write_xlsx(filtered_data, "filtered_data.xlsx")
# Standardize store names to improve matching
filtered_data <- filtered_data %>%
```

```
mutate(Store = str_trim(str_to_lower(Store))) # Trim spaces and convert to lowercase
store_data_clean <- store_data_clean %>%
  mutate(Store_Name = str_trim(str_to_lower(Store_Name))) # Trim spaces and convert to low
# Remove unwanted characters from store names
store_data_clean <- store_data_clean %>%
  mutate(Store_Name = case_when(
    Store_Name == "oslo, thereses gate (stengt ja" ~ "oslo, thereses gate",
    Store_Name == "sandnes, sentrum" ~ "sandnes sentrum",
    Store_Name == "buvika" ~ "buvika, apent 24. oktober",
    Store_Name == "sola, tananger" ~ "sola, tananger, apnet 3. oktober",
    Store_Name == "oslo, bjorvika" ~ "oslo, bjorvika, apnet 14. mars 2024",
    Store_Name == "melhus" ~ "melhus, butikken stengt i 2023 pga kranvelt",
    Store_Name == "bergen, valkendorfsgt." ~ "bergen, valkendorfsgate",
    TRUE ~ Store_Name # This keeps all other values unchanged
  ))
# Merge filtered_data (sales) with store_data_clean (store details)
final_data <- filtered_data %>%
  left_join(store_data_clean, by = c("Store" = "Store_Name")) # Match by store name
# Check merged data
head(final data)
# Write to excel
#write_xlsx(final_data, "final_data.xlsx")
```

## Kommuneendringer 2017

```
### Kommuneendringer 2017 ###

data_df <- final_data %>%
   rename(
    Municipality_Code = KommuneKode,
    Municipality_Name = Kommune
)
```

```
Kommuneendringer_17_xlsx <- here("Data", "Vinmonopolet", "Kommuneendringer_17.xlsx")
kommuneendringer_df <- read_excel(Kommuneendringer_17_xlsx)</pre>
# Clean up column names by using the correct column names
colnames(kommuneendringer_df) <- c("New_Codes", "Old_Codes")</pre>
# Split old municipality numbers into separate elements if they are separated by spaces
kommuneendringer_df$0ld_Codes <- str_split(kommuneendringer_df$0ld_Codes, " ")
# Extract the first four digits from each element in Old_Codes
old_codes_numeric <- lapply(kommuneendringer_df$0ld_Codes, function(x) substr(x, 1, 4))
# Create a lookup list that maps old municipality codes to new codes
kommune_mapping <- setNames(rep(kommuneendringer_df$New_Codes, times = sapply(old_codes_num</pre>
                            unlist(old_codes_numeric))
# Update Municipality_Code and Municipality_Name in data_df
data_df <- data_df %>%
  rowwise() %>%
  mutate(
    new_val = if (Municipality_Code %in% names(kommune_mapping)) kommune_mapping[[Municipal
    Municipality_Code = if (!is.na(new_val)) substr(new_val, 1, 4) else Municipality_Code,
    Municipality_Name = if (!is.na(new_val)) {
      # Remove the municipality number and hyphen from the new value to get the municipalit
      str_trim(str_remove(new_val, "^[0-9]{4}\\s*-\\s*"))
    } else {
      Municipality_Name
    }
  ) %>%
  ungroup() %>%
  select(-new_val)
# Save the updated data to a new Excel file
#write_xlsx(data_df, "final_data_17.xlsx")
```

## Kommuneendringer 2018

```
# Read in data from Excel files
Kommuneendringer_18_xlsx <- here("Data", "Vinmonopolet", "Kommuneendringer_18.xlsx")
kommuneendringer_df <- read_excel(Kommuneendringer_18_xlsx)</pre>
# Clean up column names by using the correct column names
colnames(kommuneendringer_df) <- c("New_Code", "Old_Codes")</pre>
# Split old municipality numbers (in case multiple old municipalities are separated by space
kommuneendringer_df$0ld_Codes <- str_split(kommuneendringer_df$0ld_Codes, " ")
# Create a lookup list for old codes to new codes (one-way mapping)
kommune_mapping <- setNames(rep(kommuneendringer_df$New_Code, times = sapply(kommuneendring
                            unlist(kommuneendringer_df$0ld_Codes))
# Update both Municipality_Code and Municipality_Name in data_df
data_df <- data_df %>%
  rowwise() %>%
  mutate(
    new_val = if (Municipality_Code %in% names(kommune_mapping)) kommune_mapping[[Municipal
    Municipality_Code = if (!is.na(new_val)) substr(new_val, 1, 4) else Municipality_Code,
    Municipality_Name = if (!is.na(new_val)) str_trim(str_remove(new_val, "^[0-9]{4}\\s*-\\
  ) %>%
  ungroup() %>%
  select(-new_val)
# Save the updated file
#write_xlsx(data_df, "final_data_18.xlsx")
```

#### Kommuneendringer 2020

```
# Read in data from Excel files
Kommuneendringer_20_xlsx <- here("Data", "Vinmonopolet", "Kommuneendringer_20.xlsx")
kommuneendringer_df <- read_excel(Kommuneendringer_20_xlsx)</pre>
```

```
# Clean up column names by using the correct column names
colnames(kommuneendringer_df) <- c("New_Code", "Old_Codes")</pre>
# Split old municipality numbers (in case multiple old municipalities are separated by space
kommuneendringer_df$0ld_Codes <- str_split(kommuneendringer_df$0ld_Codes, " ")
# Create a lookup list for old codes to new codes (one-way mapping)
kommune_mapping <- setNames(rep(kommuneendringer_df$New_Code, times = sapply(kommuneendringer_df$New_Code, time
                                                                                     unlist(kommuneendringer_df$0ld_Codes))
# Update both Municipality_Code and Municipality_Name in data_df
data_df <- data_df %>%
     rowwise() %>%
      mutate(
            new_val = if (Municipality_Code %in% names(kommune_mapping)) kommune_mapping[[Municipal
            Municipality_Code = if (!is.na(new_val)) substr(new_val, 1, 4) else Municipality_Code,
            Municipality_Name = if (!is.na(new_val)) str_trim(str_remove(new_val, "^[0-9]{4}\\s*-\\
      ) %>%
      ungroup() %>%
      select(-new_val)
# Save the updated file
#write_xlsx(data_df, "final_data_20.xlsx")
```

#### Kommuneendringer 2024

```
# Read in data from Excel files
Kommuneendringer_24_xlsx <- here("Data", "Vinmonopolet", "Kommuneendringer_24.xlsx")
kommuneendringer_df <- read_excel(Kommuneendringer_24_xlsx)

# Clean up column names by using the correct column names
colnames(kommuneendringer_df) <- c("New_Code", "Old_Codes")

# Split old municipality numbers (in case multiple old municipalities are separated by space
kommuneendringer_df$Old_Codes <- str_split(kommuneendringer_df$Old_Codes, " ")</pre>
```

```
# Create a lookup list for old codes to new codes (one-way mapping)
kommune_mapping <- setNames(rep(kommuneendringer_df$New_Code,</pre>
                                 times = sapply(kommuneendringer_df$Old_Codes, length)),
                            unlist(kommuneendringer_df$0ld_Codes))
# Update both Municipality_Code and Municipality_Name in data_df
data_df <- data_df %>%
 rowwise() %>%
  mutate(
   new_val = if (Municipality_Code %in% names(kommune_mapping)) kommune_mapping[[Municipal
    Municipality_Code = if (!is.na(new_val)) substr(new_val, 1, 4) else Municipality_Code,
   Municipality_Name = if (!is.na(new_val)) str_trim(str_remove(new_val, "^[0-9]{4}\\s*-\\
  ) %>%
  ungroup() %>%
  select(-new_val)
# Hardcode row 121 to set "Municipality_Code" to 1580 and "Municipality_Name" to Haram
data_df[121, "Municipality_Code"] <- "1580"</pre>
data_df[121, "Municipality_Name"] <- "Haram"</pre>
# Save the updated file
#write_xlsx(data_df, "final_data_24.xlsx")
```

#### Kommune 2025

Municipality data, including municipality number, population and Area

```
Area = as.numeric(Area))
# Demographic data file path
Kommune_demo_xlsx <- here("Data", "Vinmonopolet", "Kommune_demo.xlsx")</pre>
# Read data for demographic data
demographic_data <- read_excel(Kommune_demo_xlsx, skip = 4) %>%
  rename("Municipality" = "...1",
         "0-17" = "0-17 år",
         "18+" = "18 år eller eldre") %>%
  filter(if_all(everything(), ~ !is.na(.) & . != 0)) %>% # Remove rows with NA or 0 in any
  separate(Municipality, into = c("Mun_num", "Mun_name"), sep = " ", extra = "merge", fill
  separate(Mun_num, into = c("K", "Mun_num"), sep = "-") %>%
  select(-"K",
         -"Mun_name")
# Merge the two datasets
kommune_data_final <- kommune_data %>%
  left_join(demographic_data, by = c("Mun_num"))
# Write data to Excel
#write_xlsx(kommune_data_final, "Kommune_data_final.xlsx")
```

#### **Demography data**

```
final_data <- data_df

# Transforming to normal characters
final_data$Municipality_Name <- iconv(final_data$Municipality_Name, from = "UTF-8", to = "Affinal_data$Municipality_Name)

# Standardize store names to improve matching
final_data <- final_data %>%
    mutate(Municipality_Name = str_trim(str_to_lower(Municipality_Name)))  # Trim spaces and

# Loading the kommune data
kommune_data <- kommune_data_final</pre>
```

```
# Standardize the kommune data
kommune_data <- kommune_data %>%
  mutate(Mun name = iconv(Mun name, from = "UTF-8", to = "ASCII//TRANSLIT"),
         Mun_name = str_trim(str_to_lower(Mun_name))) # Trim spaces and convert to lowerca
# Perform a full join to include all rows from both datasets
merged_data <- final_data %>%
  full_join(kommune_data, by = c("Municipality_Code" = "Mun_num"))
# Replace NA values in store-related columns with 0
# Assuming 'Store_Info_Column' is the column in final_data that contains store information
# Replace 'Store_Info_Column' with the actual column names you want to fill with 0
merged_data <- merged_data %>%
  mutate(across(where(is.numeric), ~ replace_na(.x, 0)))
# If you have specific columns to replace NA with 0, you can specify them like this:
# merged_data <- merged_data %>%
   mutate(Store_Info_Column = replace_na(Store_Info_Column, 0))
# Write the merged data to an Excel file
#write_xlsx(merged_data, "final_data_mun.xlsx")
```

#### Distance data

This is just our code for the calculation of dist\_nearest. As the actual data file is too large to submit, we jump to the next step with the resulting data saved as "final\_data\_mun\_dist.xlsx"

```
# ------
# 1. Load and Prepare Data
# ------
# Load Vinmonopolet + municipality dataset
#data <- read_excel("final_data_mun.xlsx")

# Load pre-cleaned municipality admin center coordinates
#admin_centers_final <- readRDS("admin_centers_final.rds")

# Ensure join columns match in type
#data <- data %>%
```

```
# mutate(Municipality_Code = as.character(Municipality_Code))
#admin_centers_final <- admin_centers_final %>%
# mutate(kommunenummer = as.character(kommunenummer))
# -----
# 2. Merge Coordinates
# Merge admin center lat/lon into dataset by municipality
#data <- left_join(data, admin_centers_final, by = c("Municipality_Code" = "kommunenummer")
# Overwrite old coordinates with admin center coordinates
#data <- data %>%
# mutate(
# Latitude = as.numeric(lat),
# Longitude = as.numeric(lon)
# )
# -----
# 3. Parse Store GPS Coordinates
# -----
# Split store GPS into separate numeric lat/lon
# -----
# STEP 1: Load dataset
# -----
# Read merged dataset with both Vinmonopolet store info and municipality info
#data <- read_excel("final_data_mun.xlsx")</pre>
# -----
# STEP 2: Parse store coordinates
# -----
# GPS_Coordinates column contains both latitude and longitude as a string separated by ";"
# We split this into two separate numeric columns: store_lat and store_lon
#data <- data %>%
# separate(GPS_Coordinates, into = c("store_lat", "store_lon"), sep = ";", convert = TRUE)
# mutate(
```

```
# store lat = as.numeric(store_lat), # ensure store latitude is numeric
# store_lon = as.numeric(store_lon) # ensure store longitude is numeric
# )
# -----
# 4. Build Store Location Matrix
# Extract distinct (lon, lat) of all Vinmonopolet stores
#store locations <- data %>%
# filter(!is.na(store lon), !is.na(store lat)) %>%
# -----
# STEP 3: Ensure municipality center coordinates are numeric
# These are already separate in the dataset, but stored as characters - we convert them
#data <- data %>%
# mutate(
  Longitude = as.numeric(Longitude), # longitude of the municipality center
# Latitude = as.numeric(Latitude) # latitude of the municipality center
# )
# -----
# STEP 4: Extract store coordinates for distance calculation
# -----
# We only want to use valid store locations for calculating distances
# (some rows in the dataset are just municipality data with no store info)
#store_data <- data %>%
# filter(!is.na(store_lat), !is.na(store_lon))
# Extract a unique matrix of all Vinmonopolet store locations
# Format required by geosphere is matrix of (longitude, latitude)
#store_locations <- store_data %>%
# select(store_lon, store_lat) %>%
# distinct() %>%
# as.matrix()
```

```
# STEP 5: Define function to calculate distance to nearest store
# -----
# For a given municipality center (lon, lat), compute distance to nearest store
# Uses Haversine formula (accounts for Earth's curvature)
#min_distance_to_store <- function(lon, lat) {</pre>
# if (is.na(lon) || is.na(lat)) {
    return(NA) # return NA if municipality coordinates are missing
# }
# muni_coord <- matrix(c(lon, lat), nrow = 1) # convert to matrix format for geosphere</pre>
# dists <- distHaversine(muni_coord, store_locations) # distances in meters
# return(min(dists) / 1000) # convert to kilometers
#}
# -----
# STEP 6: Apply distance function to each municipality
# -----
# For each row (i.e., each municipality center), calculate distance to closest Vinmonopolet
# Note: This includes all rows (even ones without a store)
#data$dist_nearest_store <- mapply(</pre>
# min_distance_to_store,
# data$Longitude,
# data$Latitude
#)
# -----
# STEP 7: Quick check (optional)
# -----
# Check that coordinates are numeric
#str(data$Longitude)
#str(data$Latitude)
# 7. Optional: Drop Redundant Columns
```

```
#data <- data %>%
# select(
    -lat, -lon, -multikurve, -kommunenavn
# -----
# 8. Final Checks (Optional)
# -----
#str(data$dist_nearest_store)
#summary(data$dist_nearest_store)
# 9. Does VInmonopolets 30 km threshold 97% goal work based on our data
# -----
# 1. Total population (all municipalities)
#total_pop <- sum(data$Population, na.rm = TRUE)</pre>
# 2. Population in municipalities with distance > 30 km
#pop_far_away <- data %>%
# filter(dist_nearest_store > 30) %>%
# summarise(total = sum(Population, na.rm = TRUE)) %>%
# pull(total)
# 3. Share of population far away
#share_far_away <- pop_far_away / total_pop</pre>
# 4. Share WITH access (within 30 km)
#share_within_30km <- 1 - share_far_away</pre>
# 5. Print results
#cat(sprintf("Share of population within 30 km of a Vinmonopolet: %.2f%%\n", #share_within_
#cat(sprintf("Target (Vinmonopolet): 97%%\n"))
#underserved <- data %>%
# filter(dist_nearest_store > 30) %>%
# select(,Mun_name, Population, dist_nearest_store) %>%
# arrange(desc(dist_nearest_store))
\#print(underserved, n = 50)
```

#### Model variables merge

```
### Independent variables merge ###
final_data_mun_dist <- here("Data", "Vinmonopolet", "final_data_mun_dist.xlsx")
# Load data
Vinmonopolet <- read_excel(final_data_mun_dist) %>%
  select(-c(Store_ID, Store_Status, Postal_Code, Poststed,
            PostnummerKategoriKode, PostnummerKategori, Region_Code,
           Municipality_Name)) %>%
 mutate(
   Municipality_Name = Mun_name,
   Region_Name = case_when(
     Region_Name == "AUST-AGDER" ~ "Agder",
     Region_Name == "VEST-AGDER" ~ "Agder",
     Region_Name == "AKERSHUS" ~ "Akershus",
     Region_Name == "OPPLAND" ~ "Innlandet",
      Region_Name == "BUSKERUD" ~ "Buskerud",
     Region_Name == "VESTFOLD" ~ "Vestfold",
      Region_Name == "FINNMARK" ~ "Finnmark",
     Region_Name == "HEDMARK" ~ "Innlandet",
     Region_Name == "MØRE OG ROMSDAL" ~ "Møre og Romsdal",
     Region_Name == "NORDLAND" ~ "Nordland",
     Region_Name == "OSLO" ~ "Oslo",
     Region_Name == "ROGALAND" ~ "Rogaland",
     Region_Name == "TELEMARK" ~ "Telemark",
     Region_Name == "TROMS" ~ "Troms",
     Region_Name == "SØR-TRØNDELAG" ~ "Trøndelag",
     Region_Name == "NORD-TRØNDELAG" ~ "Trøndelag",
```

```
Region_Name == "SOGN OG FJORDANE" ~ "Vestland",
      Region_Name == "HORDALAND" ~ "Vestland",
      Region_Name == "ØSTFOLD" ~ "Østfold",
      is.na(Region Name) & str_starts(Municipality_Code, "03") ~ "Oslo",
      is.na(Region_Name) & str_starts(Municipality_Code, "11") ~ "Rogaland",
      is.na(Region_Name) & str_starts(Municipality_Code, "15") ~ "Møre og Romsdal",
      is.na(Region Name) & str starts(Municipality Code, "18") ~ "Nordland",
      is.na(Region_Name) & str_starts(Municipality_Code, "31") ~ "Østfold",
      is.na(Region_Name) & str_starts(Municipality_Code, "32") ~ "Akershus",
      is.na(Region_Name) & str_starts(Municipality_Code, "33") ~ "Buskerud",
      is.na(Region_Name) & str_starts(Municipality_Code, "34") ~ "Innlandet",
      is.na(Region Name) & str starts(Municipality Code, "39") ~ "Vestfold",
      is.na(Region_Name) & str_starts(Municipality_Code, "40") ~ "Telemark",
     is.na(Region_Name) & str_starts(Municipality_Code, "42") ~ "Agder",
     is.na(Region_Name) & str_starts(Municipality_Code, "46") ~ "Vestland",
     is.na(Region Name) & str starts(Municipality Code, "50") ~ "Trøndelag",
     is.na(Region_Name) & str_starts(Municipality_Code, "55") ~ "Troms",
      is.na(Region Name) & str_starts(Municipality_Code, "56") ~ "Finnmark",
     TRUE ~ Region Name # Keep existing Region Name if no conditions are met
   )
 ) %>%
 select(-Mun_name)
# Aggregating per municipality data
Vinmonopolet market <- Vinmonopolet %>%
 group_by(Municipality_Code) %>%
 summarise(
   Mun_name = first(Municipality_Name),
   Region_Name = first(Region_Name),
   Population = first(Population),
   Area = first(Area),
   Number_of_stores = sum(`2024` > 0), # Count non-zero sales
   Sales = sum(2024),
   Lat = first(Latitude),
   Lon = first(Longitude),
   Dist_nearest = first(dist_nearest_store),
 )
# Scaling the variables that have nt been scaled yet
```

```
Vinmonopolet_market <- Vinmonopolet_market %>%
 mutate(Population = Population / 1000,
        Sales = Sales / 1000)
# Now we have loaded and wrangled the main data set, but we can use some
# new variables for our analysis
Grensehandel_weights <- here("Data", "Vinmonopolet", "Grensehandel_weights.xlsx")</pre>
# Load the weights datas
weights <- read_excel(Grensehandel_weights, skip = 3) %>%
  slice(1) %>%
 select(-'...1') %>%
 mutate(
   mean_weight = (as.numeric(`2024K1`) + as.numeric(`2024K2`) + as.numeric(`2024K3`) + as.
weight_grensehandel <- weights$mean_weight / 100</pre>
# Load the regional data
Grensehandel_regions <- here("Data", "Vinmonopolet", "Grensehandel_regions.xlsx")</pre>
regional <- read_excel(Grensehandel_regions)</pre>
total_grensehandel <- sum(regional$"2024")</pre>
# Calculate grensehandel per region
regional <- regional %>%
 rename(
   Region = `Fylker`,
   Total sale = `2024`
 ) %>%
 mutate(
   Grensehandel = Total_sale * weight_grensehandel
 )
# Split the "Vestlandet" region row into three new rows: "Rogaland", "Vestland" and "MC8re
regional <- regional %>%
```

```
rbind(
   regional %>% filter(Region == "Vestlandet") %>% mutate(Region = "Rogaland"),
   regional %>% filter(Region == "Vestlandet") %>% mutate(Region = "Vestland"),
   regional %>% filter(Region == "Vestlandet") %>% mutate(Region = "Møre og Romsdal")
 ) %>%
 filter(Region != "Vestlandet")
# Divide the grensehandel value by three for "Rogaland", "Vestland" and "MC8re og Romsdal"
regional <- regional %>%
 mutate(
   Grensehandel = case when(
     Region == "Rogaland" ~ Grensehandel * 0.35,
     Region == "Vestland" ~ Grensehandel * 0.46,
     Region == "Møre og Romsdal" ~ Grensehandel * 0.19,
     TRUE ~ Grensehandel # Keep the original value for other regions
 )
# Split the "Nord-Norge" region row into three new rows: "Nordland", "Troms" and "Finnmark"
# And divide the grensehandel value by three
regional <- regional %>%
 mutate(
   Grensehandel = ifelse(Region == "Nord-Norge", Grensehandel / 3, Grensehandel)
 ) %>%
 rbind(
   regional %>% filter(Region == "Nord-Norge") %>% mutate(Region = "Nordland"),
   regional %>% filter(Region == "Nord-Norge") %>% mutate(Region = "Troms"),
   regional %>% filter(Region == "Nord-Norge") %>% mutate(Region = "Finnmark")
 ) %>%
 filter(Region != "Nord-Norge")
# Divide the grensehandel value by three for "Nordland", "Troms" and "Finnmark"
regional <- regional %>%
 mutate(
   Grensehandel = case_when(
      Region == "Nordland" ~ Grensehandel * 0.5,
     Region == "Troms" ~ Grensehandel * 0.35,
     Region == "Finnmark" ~ Grensehandel * 0.15,
     TRUE ~ Grensehandel # Keep the original value for other regions
   )
```

```
# Split the "Agder, Telemark, Buskerud og Vestfold" column into four new columns: "Agder",
# And divide the grensehandel value by four
regional <- regional %>%
 mutate(
   Grensehandel = ifelse(Region == "Agder, Telemark, Buskerud og Vestfold", Grensehandel /
  ) %>%
 rbind(
   regional %>% filter(Region == "Agder, Telemark, Buskerud og Vestfold") %>% mutate(Region
   regional %>% filter(Region == "Agder, Telemark, Buskerud og Vestfold") %>% mutate(Region
   regional %>% filter(Region == "Agder, Telemark, Buskerud og Vestfold") %>% mutate(Region
   regional %>% filter(Region == "Agder, Telemark, Buskerud og Vestfold") %>% mutate(Region
  ) %>%
 filter(Region != "Agder, Telemark, Buskerud og Vestfold")
# Divide the grensehandel value by four for "Agder", "Telemark", "Buskerud" and "Vestfold"
regional <- regional %>%
 mutate(
   Grensehandel = case_when(
     Region == "Agder" ~ Grensehandel * 0.31,
     Region == "Telemark" ~ Grensehandel * 0.17,
     Region == "Buskerud" ~ Grensehandel * 0.26,
     Region == "Vestfold" ~ Grensehandel * 0.26,
     TRUE ~ Grensehandel # Keep the original value for other regions
   )
  )
# Removing the "total_sale" column from the regional data set
regional <- regional %>% select(-Total_sale)
# Merge the regional data with the main data set on Region_Name in the Vinmonopolet_market
Vinmonopolet market <- left_join(Vinmonopolet_market, regional, by = c("Region_Name" = "Reg
# Add a new column "Region_pop" where "Population" is summarized for each region
Vinmonopolet_market <- Vinmonopolet_market %>%
  group_by(Region_Name) %>%
 mutate(Region_pop = sum(Population)) %>%
  ungroup()
```

```
Vinmonopolet_market <- Vinmonopolet_market %>%
 mutate(Kommune_share = Population / Region_pop,
        Grensehandel_mun = Grensehandel * Kommune_share) %>%
 select(-c("Region_pop", "Kommune_share", "Grensehandel")) %>%
 rename(Grensehandel = Grensehandel_mun)
Tourism_xlsx <- here("Data", "Vinmonopolet", "Tourism.xlsx")</pre>
# Reading tourism data
Tourism <- read_excel(Tourism_xlsx, skip = 4) %>%
 rename(
   Mun = '...1',
   H = 'Hotell og liknande overnattingsbedrifter',
   C = 'Campingplassar, hyttegrender og vandrarheim',
 ) %>%
 select(-'...2') %>%
 mutate_at(vars(H, C), ~as.numeric(str_replace_all(., ":", "0"))) %>%
 mutate(n_stays = H + C) \%>\%
 separate(Mun, into = c("Municipality_Code", "Municipality_Name"), sep = " ", remove = FAI
 select(-c("Mun", "H", "C", "Municipality_Name")) %>%
 filter(!is.na(Municipality_Code))
# Merging the data
Vinmonopolet_market <- left_join(Vinmonopolet_market, Tourism, by = "Municipality_Code") %>
   n_stays = ifelse(is.na(n_stays), 0, n_stays),
   n_{stays} = n_{stays} / 1000
# There is a great deal of missing data, so we do not know the relevance of
# this data yet
```

```
# Average monthly salary per inhabitant in the municipality
# Load data
Monthly_Salary <- here("Data", "Vinmonopolet", "Monthly_Salary.xlsx")
data <- read_excel(Monthly_Salary)</pre>
# Cleaning data by removing rows with missing values and rows with dots
clean_data <- data %>%
 filter(!apply(., 1, function(row) any(grepl("\\.", row)))) %>%
 na.omit()
# Remove the last two rows from the data, using tidyverse
clean_data <- clean_data %>%
 slice(1:(n() - 2)) %>%
 select(-'...2') %>%
 rename(
   Mun = `12852: Kommunefordelt månedslønn, etter region, statistikkmål, statistikkvariabe
   Monthly_salary = '...3'
 ) %>%
 separate(Mun, into = c("Municipality_Code", "Municipality_Name"), sep = " ", remove = FAL
 select(-c("Municipality_Name", "Mun")) %>%
 mutate(Monthly_salary = as.numeric(Monthly_salary),
        Monthly_salary = Monthly_salary / 1000)
# Merge with the main data set
Vinmonopolet_market <- left_join(Vinmonopolet_market, clean_data, by = "Municipality_Code")
# Load data
Concentration_xlsx <- here("Data", "Vinmonopolet", "Concentration.xlsx")
concentration <- read_excel(Concentration_xlsx, skip = 5) %>%
 slice(1:357) %>%
 select('...1',
```

```
'Spredtbygd strøk...3') %>%
  rename(Mun = '...1',
        Spread = 'Spredtbygd strøk...3') %>%
  separate(Mun, into = c("Municipality_Code", "Municipality_Name"), sep = " ", remove = FAL
  select(-c("Municipality_Name", "Mun")) %>%
  mutate(Spread = as.numeric(Spread),
        Spread = Spread / 1000)
# Remove the first two characters of each cell in the "Municpality Code" column
concentration $Municipality_Code <- substr(concentration $Municipality_Code, 3, nchar(concent
# Merge with the main data set
Vinmonopolet_market <- left_join(Vinmonopolet_market, concentration, by = "Municipality_Cod
# Load data
Active_xlsx <- here("Data", "Vinmonopolet", "Active.xlsx")</pre>
A1 <- read_excel(Active_xlsx, sheet = 1, skip = 2)
A2 <- read_excel(Active_xlsx, sheet = 2, skip = 2)
# Merge the two data sets
Active <- A1 %>%
  bind rows(A2) %>%
  select(-c('1', '...3', Fylke))
# Rename columns
names(Active)[1] <- "Mun_name"</pre>
# Remove unncessary spaces and numbers from the "Mun name" column
Active$Mun_name <- substr(Active$Mun_name, 4, nchar(Active$Mun_name))</pre>
Active$Mun_name <- trimws(Active$Mun_name, which = "left")</pre>
# Replace norwegian special letters with english ones and make all letters lowercase
Active$Mun_name <- tolower(iconv(Active$Mun_name, from = "UTF-8", to = "ASCII//TRANSLIT"))</pre>
```

## Model applications

## **Data preparation**

```
# Rename relevant columns in accordance with tidyverse standards
Vinmonopolet_market <- Vinmonopolet_market %>%
 rename(
   mun_code = Municipality_Code,
   mun_name = Mun_name,
   region_name = Region_Name,
   population = Population,
   area = Area,
   number_of_stores = Number_of_stores,
   sales = Sales,
   lat = Lat,
   lon = Lon,
   dist_nearest = Dist_nearest,
   grensehandel = Grensehandel,
   n_{stays} = n_{stays}
```

```
monthly_salary = Monthly_salary,
    spread = Spread,
    active = Active
)

# Narrowing down the data to only contain relevant markets
# Excluding the largest cities because they are not representative

# Train and test split, training data all observations with a store
train_data <- Vinmonopolet_market %>%
    filter(number_of_stores > 0)

# Test data all observations without a store
test_data <- Vinmonopolet_market %>%
    filter(number_of_stores == 0)
```

## Model selection and basic regressions

### **Demand estimation**

Dependent variable:

sal	es

population	16.449*** (0.490)
grensehandel	-5.264*** (1.456)
n_stays	0.246*** (0.043)
monthly_salary	4.885** (2.290)

Constant -270.085\*\* (125.336)

-----

 Observations
 237

 R2
 0.990

 Adjusted R2
 0.990

 Residual Std. Error
 102.638 (df = 232)

F Statistic 5,683.347\*\*\* (df = 4; 232)

Note: \*p<0.1; \*\*p<0.05; \*\*\*p<0.01

## Logit model

```
# Make sure the factor for Number_of_stores has valid R variable names
# that won't cause errors in caret. For instance, rename "0" -> "NoStore"
# and "1" -> "OneStore".
data for logit <- Vinmonopolet market %>%
 mutate(number_of_stores = as.factor(number_of_stores))
# Rename factor levels (originally "0" and "1") to "NoStore" and "OneStore"
data_for_logit$number_of_stores <- factor(</pre>
 data_for_logit$number_of_stores,
 levels = c("0", "1"),
 labels = c("NoStore", "OneStore")
)
# Set up k-fold cross-validation parameters
set.seed(123) # for reproducibility
my_control <- trainControl(</pre>
 method = "cv", # k-fold CV
                         # 5 folds
 number = 5,
 classProbs = TRUE,  # needed for probability output
 summaryFunction = twoClassSummary
# Train the logistic model with cross-validation
cv_model <- train(</pre>
 number_of_stores ~ sales,
 data = data_for_logit,
 method = "glm",
 family = binomial,
 trControl = my_control,
 metric = "ROC"
                         # use AUC (Area Under the Curve) as our metric
)
# Review cross-validation results
print(cv_model)
```

```
Generalized Linear Model
316 samples
  1 predictor
  2 classes: 'NoStore', 'OneStore'
No pre-processing
Resampling: Cross-Validated (5 fold)
Summary of sample sizes: 252, 253, 253, 253, 253
Resampling results:
  ROC
             Sens
                       Spec
  print(cv_model$results)
                 ROC
                           Sens
                                     Spec
                                              ROCSD
                                                       SensSD
                                                                   SpecSD
  parameter
      none 0.9397703 0.8666667 0.8670513 0.02518379 0.1078515 0.04987575
1
# Get predicted probabilities from the final trained model
# caret retrains on the entire dataset after CV by default
Vinmonopolet_market$prob <- predict(cv_model, newdata = data_for_logit, type = "prob")[, "C</pre>
# For recommended stores
recommended_stores <- Vinmonopolet_market %>%
  mutate(number_of_stores = as.integer(as.character(number_of_stores))) %>%
  filter(number_of_stores == 0, dist_nearest > 0) %>%
  arrange(desc(prob)) %>%
  select(mun_name, prob, dist_nearest, sales, population, region_name, active) %>%
  mutate(
    dist_nearest = round(dist_nearest, 0),  # Round dist_nearest to 0 decimals
                                           # Round sales to 0 decimals
    sales = round(sales, 0),
    across(where(is.numeric) & !c(dist_nearest, sales), ~round(., 3)) # Round other numeri
  )
# Create table
kable(head(recommended_stores, 10),
     format = "markdown",
     digits = 3,
```

# longtable = TRUE) %>% kable\_styling(latex\_options = "scale\_down")

mun_name	prob	$dist\_nearest$	sales	population	region_name	active
giske	0.995	3	156	8.773	Møre og Romsdal	0
lunner	0.993	7	150	9.420	Akershus	1
rade	0.967	13	118	7.850	Østfold	0
hareid	0.857	10	87	5.320	Møre og Romsdal	1
valer (ostfold)	0.823	11	82	6.162	Østfold	1
aurland	0.817	37	81	1.836	Vestland	1
birkenes	0.752	13	74	5.413	Agder	0
eidskog	0.729	23	71	6.059	Innlandet	1
aure	0.683	28	67	3.394	Møre og Romsdal	1
austrheim	0.658	16	65	2.915	Vestland	1

```
# For active stores
Active_stores <- Vinmonopolet_market %>%
  mutate(number_of_stores = as.integer(as.character(number_of_stores))) %>%
  filter(active == 1, dist_nearest > 0) %>%
  arrange(desc(prob)) %>%
  select(mun_name, prob, dist_nearest, sales, population, region_name, active) %>%
   dist_nearest = round(dist_nearest, 0), # Round dist_nearest to 0 decimals
                                            # Round sales to 0 decimals
   sales = round(sales, 0),
   across(where(is.numeric) & !c(dist_nearest, sales), ~round(., 3)) # Round other numeri
  )
# Create table
kable(head(Active_stores, 10),
      format = "markdown",
     digits = 3,
      longtable = TRUE) %>%
 kable_styling(latex_options = "scale_down")
```

mun_name	prob	dist_nearest	sales	population	region_name	active
lunner	0.993	7	150	9.420	Akershus	1
hareid	0.857	10	87	5.320	Møre og Romsdal	1
valer (ostfold)	0.823	11	82	6.162	Østfold	1
aurland	0.817	37	81	1.836	Vestland	1
eidskog	0.729	23	71	6.059	Innlandet	1
aure	0.683	28	67	3.394	Møre og Romsdal	1
austrheim	0.658	16	65	2.915	Vestland	1
aukra	0.644	15	64	3.759	Møre og Romsdal	1
vaksdal	0.617	19	61	3.875	Vestland	1
sokndal	0.544	21	55	3.371	Rogaland	1

```
recommended_stores_dist <- Vinmonopolet_market %>%
  mutate(number_of_stores = as.integer(as.character(number_of_stores))) %>%
  filter(number_of_stores == 0, dist_nearest > 0) %>%
  arrange(desc(dist_nearest)) %>%  # Sort by dist_nearest, descending
  select(mun_name, prob, dist_nearest, sales, population, region_name, active) %>%
  mutate(
    dist_nearest = round(dist_nearest, 0),  # Round dist_nearest to 0 decimals
    sales = round(sales, 0),
                                           # Round sales to 0 decimals
    across(where(is.numeric) & !c(dist_nearest, sales), ~round(., 3)) # Round other numeri
  )
# Create table
kable(head(recommended_stores_dist, 10),
      format = "markdown",
      digits = 3,
      longtable = TRUE) %>%
  kable_styling(latex_options = "scale_down")
```

mun_name	prob	dist_nearest	sales	population	region_name	active
rost	0.066	94	0	0.458	Nordland	1
raarvihke - royrvik	0.066	76	0	0.443	Trøndelag	0
karasjohka - karasjok	0.243	67	30	2.524	Finnmark	1
varoy	0.066	66	0	0.677	Nordland	0
namsskogan	0.066	65	0	0.811	Trøndelag	1
lierne	0.084	61	5	1.316	Trøndelag	0
deatnu - tana	0.280	61	33	2.798	Finnmark	0
trana	0.066	53	0	0.463	Nordland	1
engerdal	0.066	52	0	1.326	Innlandet	1
hasvik	0.066	52	0	0.977	Finnmark	1

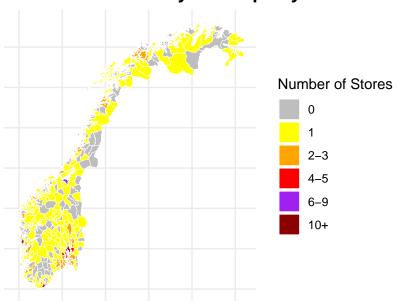
## **Visualisations**

```
# Use the existing municipality map data
municipalities <- nor_municip_map_b2024_default_sf
# Read your store dataset</pre>
```

```
store_data_path <- here("Data", "Vinmonopolet", "final_data_24.xlsx")</pre>
store_data <- readxl::read_excel(store_data_path)</pre>
# Extract the last 4 digits from "location_code" to get the municipality code
municipalities <- municipalities %>%
  mutate(municip_code = as.integer(str_sub(location_code, -4)))  # Extract last 4 digits
# Count the number of stores per municipality
store_counts <- store_data %>%
  group_by(Municipality_Code) %>%
  summarise(num stores = n())
# Changing to matching format
store_counts$Municipality_Code <- as.numeric(store_counts$Municipality_Code)
# Merge store counts with the geographical dataset
merged_data <- municipalities %>%
  left_join(store_counts, by = c("municip_code" = "Municipality_Code"))
# Assign store categories, treating NA as 0
merged_data <- merged_data %>%
  mutate(store_category = case_when(
    is.na(num_stores) ~ "0",
    num stores == 1 ~ "1",
    num_stores %in% 2:3 ~ "2-3",
    num_stores %in% 4:5 ~ "4-5",
    num_stores %in% 6:9 ~ "6-9",
   num_stores >= 10 ~ "10+",
    TRUE ~ NA_character_
  ))
# Make sure factor levels are ordered correctly
merged_data$store_category <- factor(</pre>
  merged_data$store_category,
 levels = c("0", "1", "2-3", "4-5", "6-9", "10+")
# Plot the heatmap with discrete color bins
ggplot(merged_data) +
  geom_sf(aes(fill = store_category), color = "white", size = 0.1) +
```

```
scale_fill_manual(
    values = c("0" = "grey", "1" = "yellow", "2-3" = "orange", "4-5" = "red", "6-9" = "purp
    name = "Number of Stores"
) +
theme_minimal() +
theme(
    plot.title = element_text(face = "bold", size = 14),
    axis.text.x = element_blank(),
    axis.text.y = element_blank(),
    axis.ticks = element_blank()) +
labs(title = "Store Distribution by Municipality",
    x = NULL, y = NULL)
```

## **Store Distribution by Municipality**



```
# Extract the last 4 digits from "location_code" to get the municipality code
municipalities <- municipalities %>%
   mutate(municip_code = as.integer(str_sub(location_code, -4))) # Extract last 4 digits
# Merge population data with the existing geographical dataset
Vinmonopolet_market$mun_code <- as.numeric(Vinmonopolet_market$mun_code)</pre>
```

```
# Add a "prob_category" for municipalities that have at least one store
Vinmonopolet_market <- Vinmonopolet_market %>%
  mutate(prob_category = case_when()
    number_of_stores > 0 ~ "Has a store",
    prob >= 0 & prob < 0.25 ~ "Low",
    prob \geq 0.25 & prob < 0.5 ~ "Medium Low",
    prob \geq 0.5 \& \text{prob} < 0.75 \sim \text{"Medium High"},
    prob >= 0.75 & prob <= 1 ~ "High",
    TRUE ~ NA_character_
  ))
# Set factor levels to control legend order
Vinmonopolet_market$prob_category <- factor(Vinmonopolet_market$prob_category,</pre>
                                        levels = c("High", "Medium High", "Medium Low", "Low")
merged_prob_data <- municipalities %>%
  left_join(Vinmonopolet_market, by = c("municip_code" = "mun_code")) %>%
  mutate(prob_category = replace_na(prob_category, "Has a store")) # Fill NAs with "Has a
# Plot
ggplot(merged_prob_data) +
  geom_sf(aes(fill = prob_category), color = "white", size = 0.1) +
  scale_fill_manual(
    values = c(
      "High" = "darkgreen",
      "Medium High" = "#90EE90",
      "Medium Low" = "#FF6666",
      "Low" = "darkred",
      "Has a store" = "grey"
    ),
   name = "Probability"
  ) +
  coord_sf() +
  theme_minimal() +
  theme(
    plot.title = element_text(face = "bold", size = 14),
    axis.text.x = element_blank(),
    axis.text.y = element_blank(),
    axis.ticks = element_blank()
  ) +
```

```
labs(title = "Predicted Probability by Municipality",
        x = NULL, y = NULL)
```

# **Predicted Probability by Municipality**

