

MARKET RESEARCH ON LOS ANGELES RESTAURANTS

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OVERVIEW

We are looking to open a small, robot-run cafe in Los Angeles, California.

While the concept is very promising, this market research is intended to understand how our business will fit within the current market conditions regardless of the novelty of robotic service.

We have used open-source data from the City of Los Angeles on currently registered food establishments.



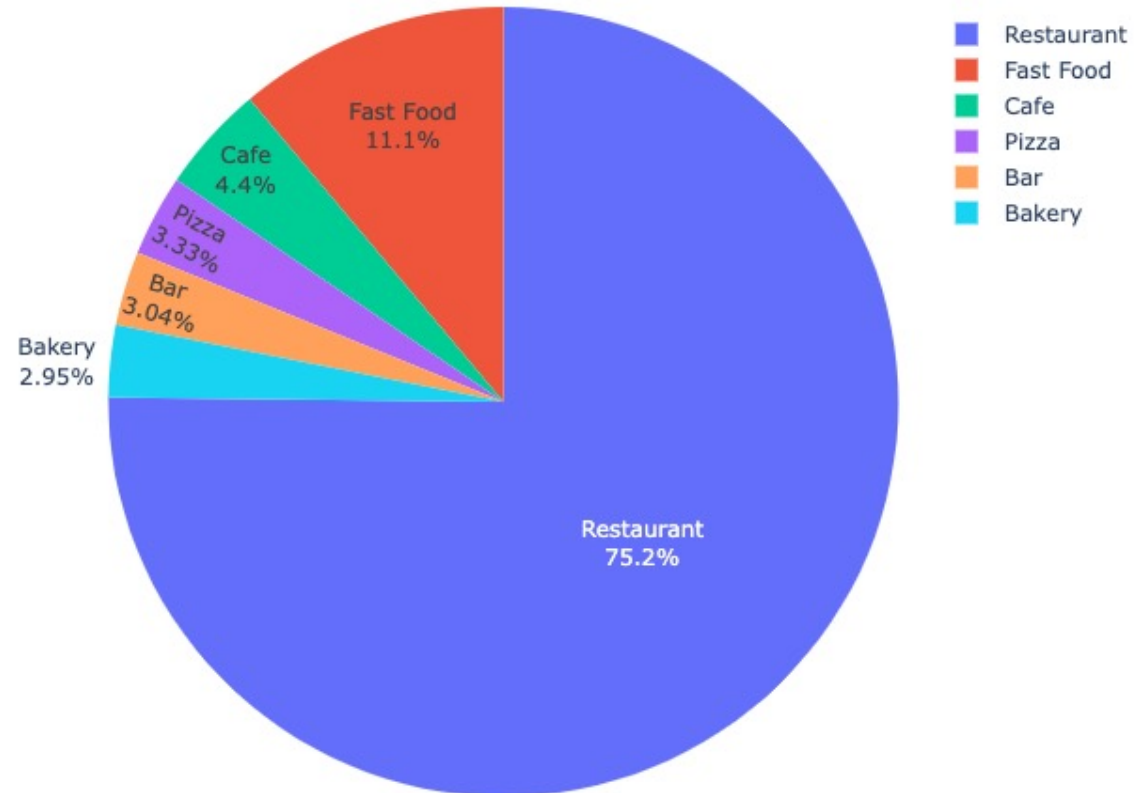
GENERAL CONCLUSIONS

- Cafes make up 4.4% of Los Angeles food establishments, the highest proportion of specialty businesses.
- While only 39% of all businesses are chains, 64.5% of cafes are chains.
- Cafes have the highest average number of locations per chain, showing a significant opportunity for growth
- Cafes tend to be small to medium in size, providing flexibility in location. We should aim for a 22-38 seat range.
- Major boulevards are packed with many restaurant/food options
- 55.41% of food businesses are located on streets with other food businesses

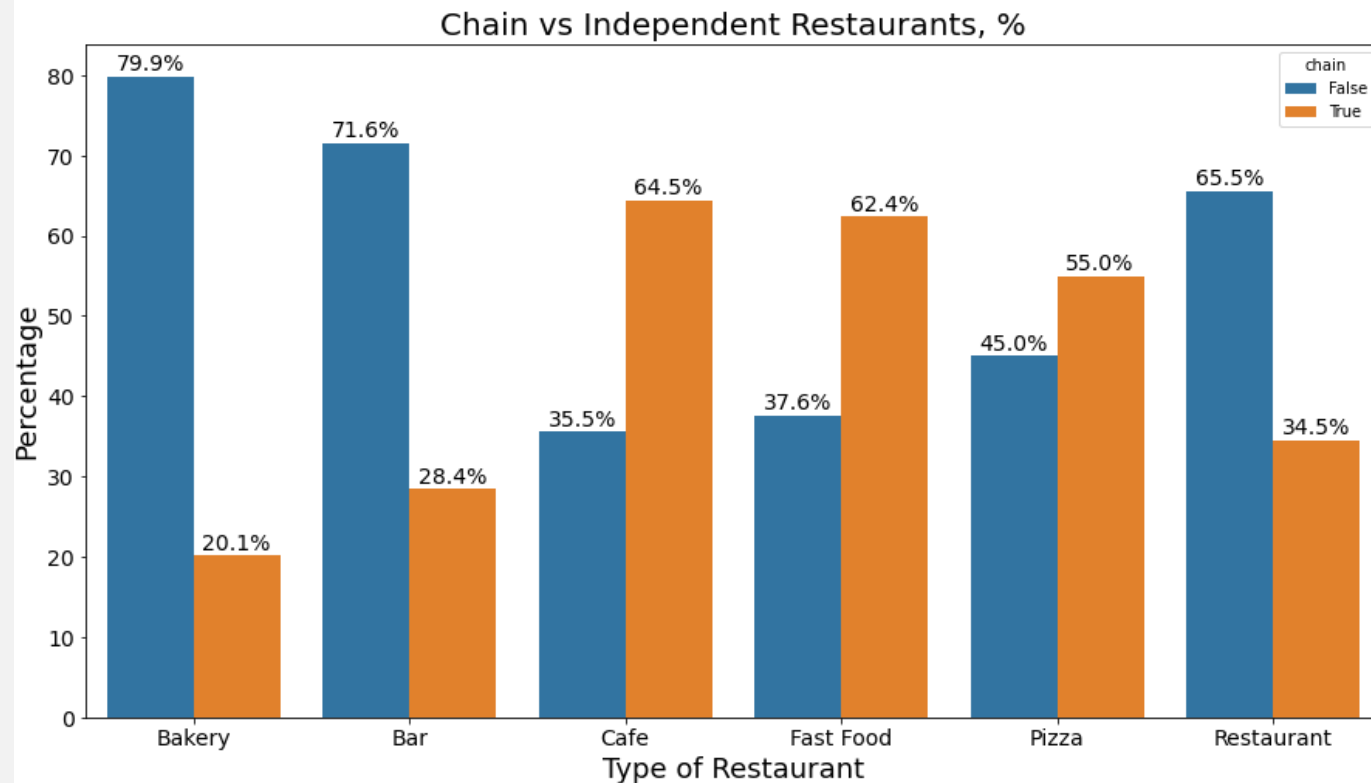
CAFES MAKE UP 4.4% OF THE MARKET

- Restaurants make up 75% of the market, but this category is broadly defined. There is a lot of varied competition.
- Fast food, the 2nd largest category, also contains several subcategories with less opportunity for novel ideas
- Cafes are the largest specialty category, but there is still room in the market

Share of Restaurants by Type



CAFES HAVE THE HIGHEST RATE OF CHAINS

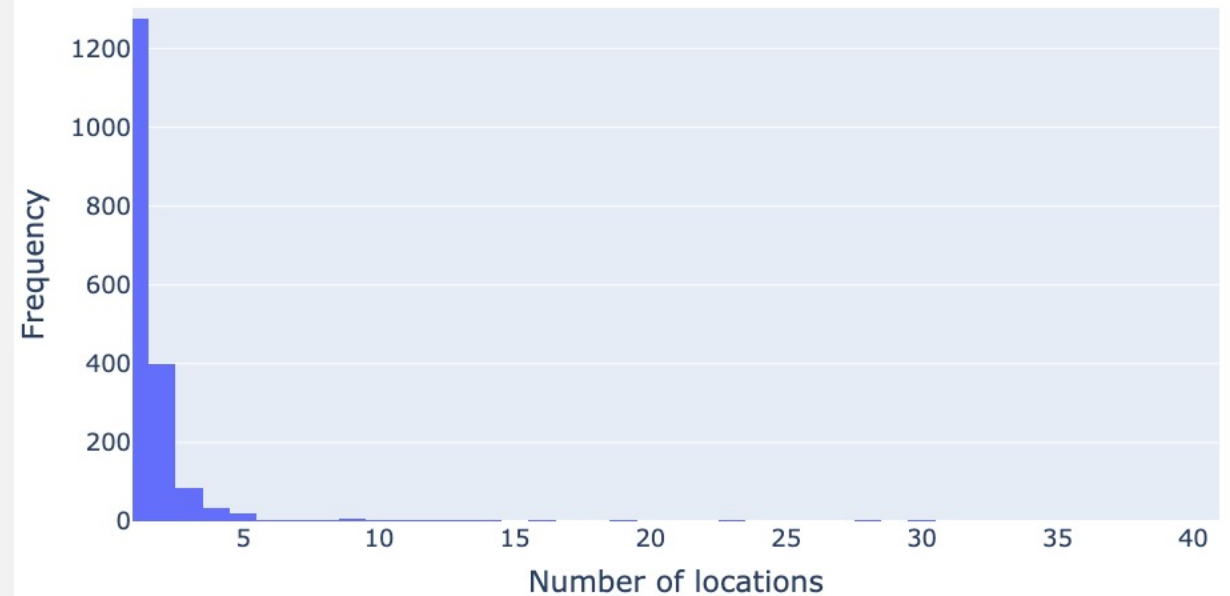


- Bakeries, bars, & restaurants are overwhelmingly independent. Each business has to work hard to stand out against competition.
- 64.5% of cafes belong to chains, meaning there is a lot of uniformity in the market. There is more opportunity to stand out with a unique concept.

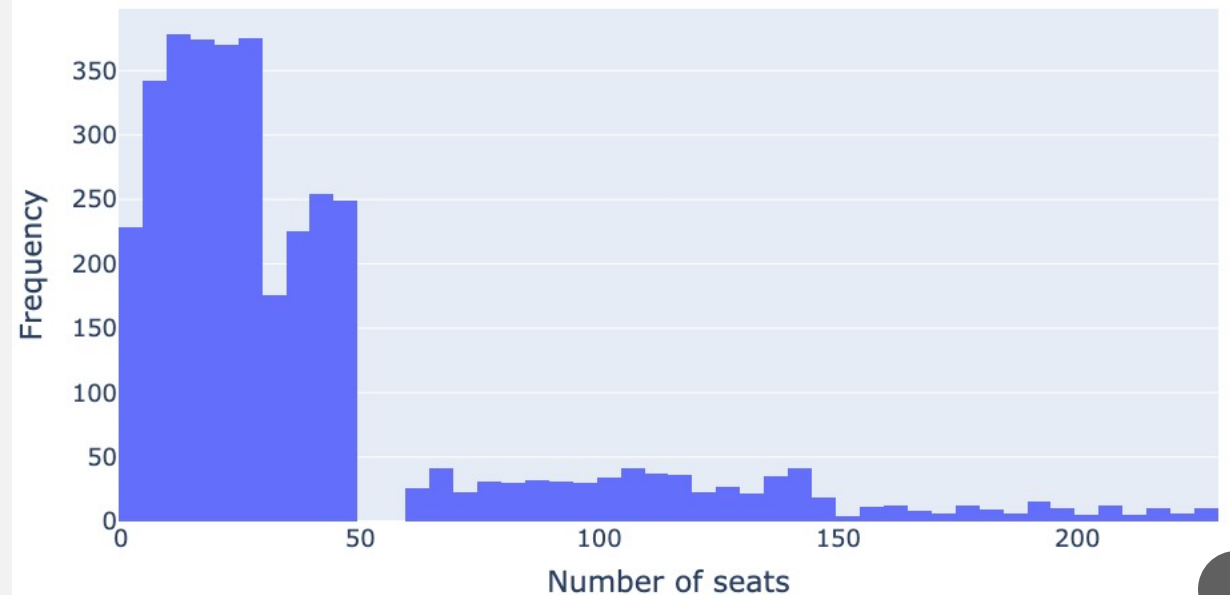
CHARACTERISTICS OF A CHAIN

- Chains of all types tend to have few branches within LA, with most having only one location. Chains with more than 5 locations are rare.
- Seating tends to be moderate, with a drop at around 30 seats & again at 50 seats. Locations with 60+ seats are much more infrequent.
- This suggests chains are generally small or mid-size businesses with few locations in one area

Distribution of number of locations per chain

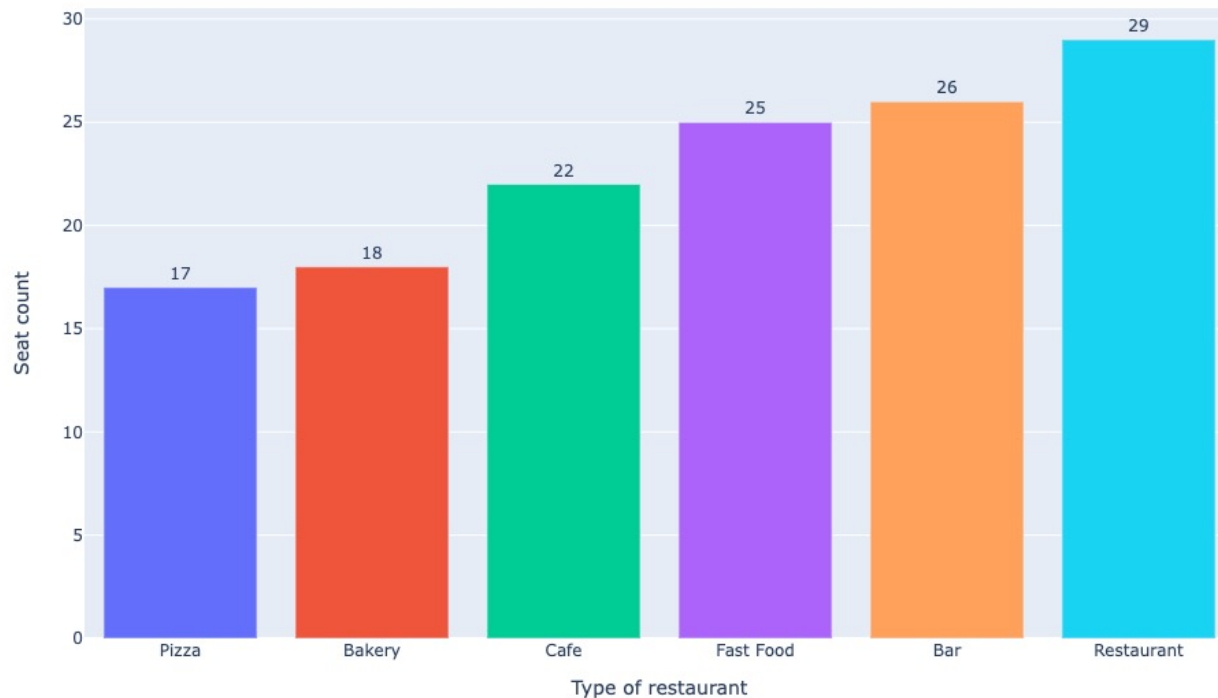


Distribution of seat counts for chain establishments

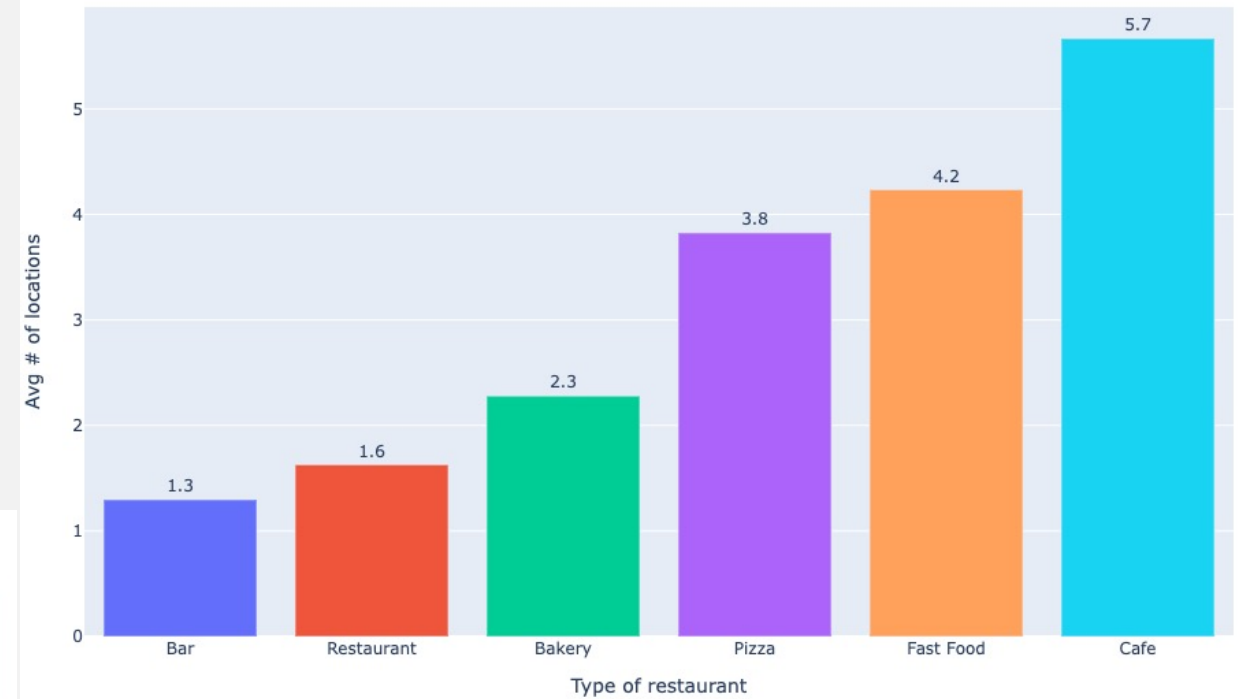


- The average café chain has 5 – 6 locations, making it the highest average chain size
- Cafes are the 2nd smallest business type on average, with an average of 26 seats.
- Restaurants & bars tend to have the most seats, but also have the fewest locations on average.

Median seat count by restaurant type



Average number of LA locations by restaurant type



Many café customers take their orders to go, requiring fewer seats. More people can be served in a smaller space than bars or restaurants. The smaller size also makes it easier to find suitable locations at a more affordable price.

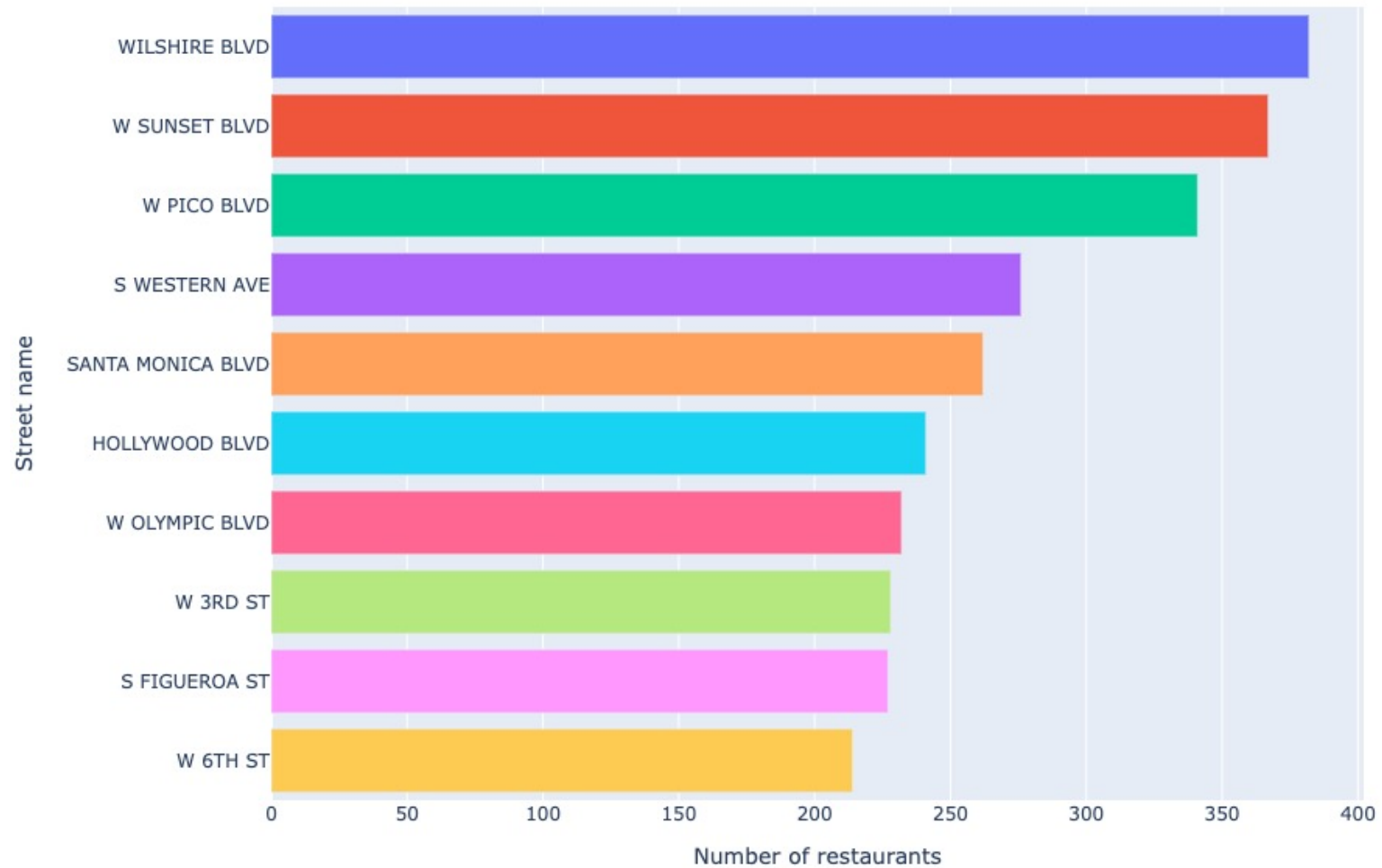
The lack of diversity in cafés also means an easier time standing out from the crowd with our robot concept.

THE TOP 10 MOST POPULAR STREETS FOR FOOD IN LOS ANGELES

Los Angeles is home to many large boulevards, packed with a variety of food establishments. The top 10 streets have over 200 each!

These may seem overcrowded, but they are long streets in high-traffic areas (tourist attractions, business districts, shopping districts, etc).

Top 10 Restaurant Streets



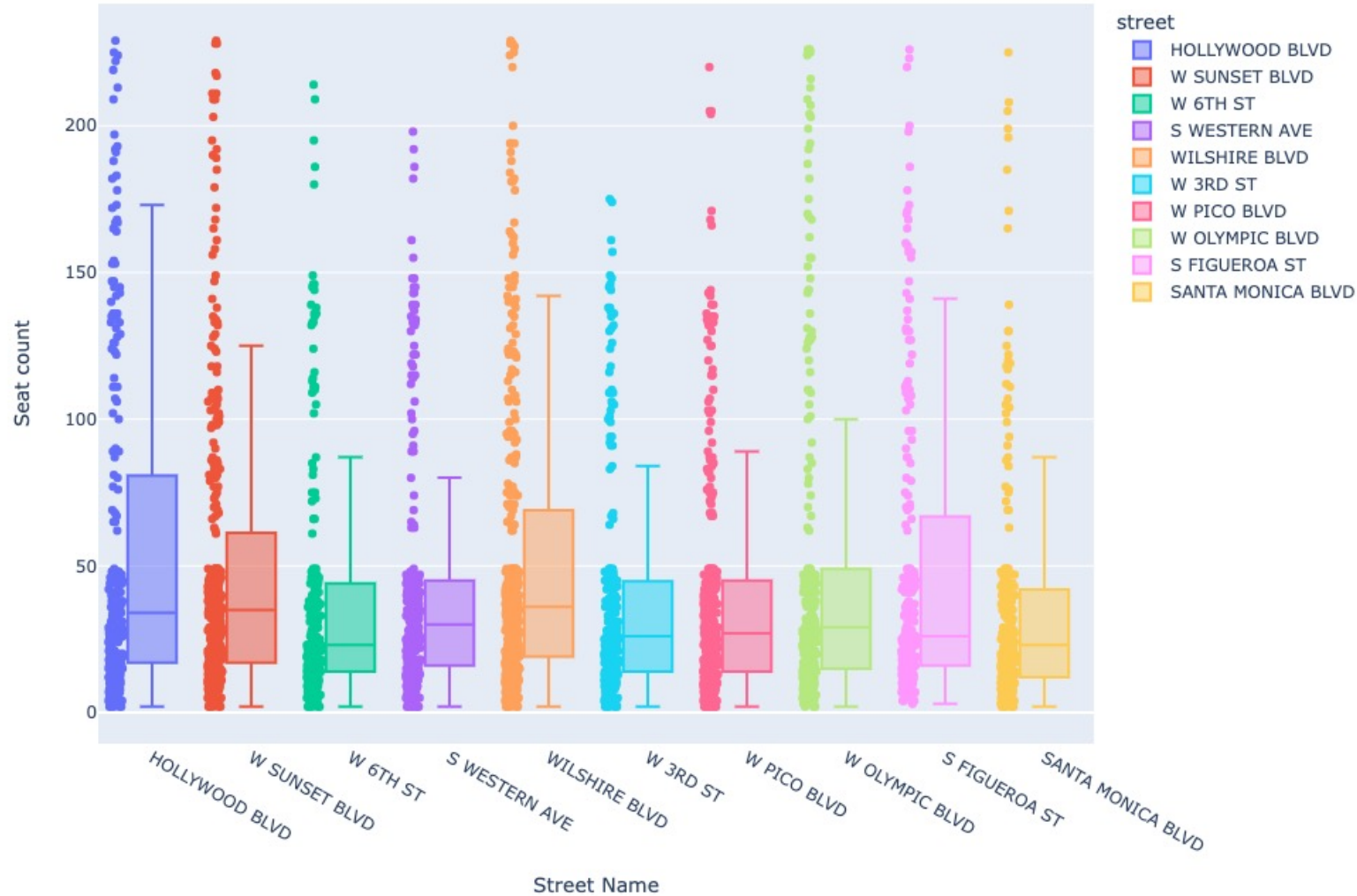
Of the 743 streets identified in our data, 44.6% of them contain only one food business.

While these streets may seem like good opportunities for growth, it is important to keep in mind California's strict zoning laws. Many of these locations are likely on the edge of residential areas, intersecting with larger commercial streets.

To avoid competing with too many businesses, we should consider locations surrounding popular streets. This would still give us access to the large customer base of these high-traffic areas, while buffering direct competition with the businesses located directly on the main streets.



Seat count distribution of restaurants on Top 10 Streets

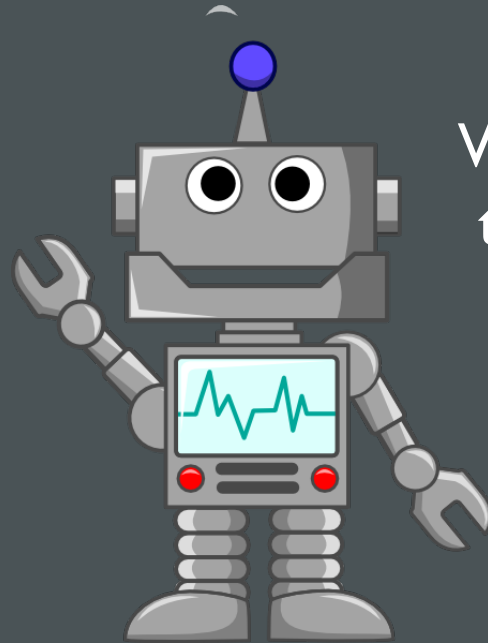


LOCATION AFFECTS BUSINESS SIZE

- Some streets (Wilshire Blvd, Sunset Blvd, & Hollywood Blvd) have more opportunity for large establishments.
- Other locations tend to remain closer to the standard seating distribution.
- A smaller business like a café will be much less restricted when searching for new locations.

This means more opportunities to grow!

THANK YOU FOR YOUR TIME



We hope you will join us in
this exciting new venture!