Introduction

Background

Starbucks is synonymous with coffee. Originally founded in 1971 as a small coffee bean roastery, it has grown over the past 49 years to become one of the most recognizable brands in the world. Starbucks has over 30,000 stores in 80 countries and, as of writing, has a market capitalization of approximately $86 billion. The largest driver of revenue for the company are the iconic cafes, usually packed with a mixture of tourists, students, and informal business meetings. The cultivation of this atmosphere is no accident -- it is something Starbucks refers to as the “Third Place Policy.” The name of the policy refers to “another place outside...home and work that people can gather and build a sense of community.” As a part of the company’s business model and in order to drive customer loyalty, Starbucks seeks to create an environment to “inspire and nurture the human spirit - one person, one cup and one neighorhood at a time.” At the heart of this strategy is Starbucks’ core customers.

As most of Stabucks’ revenue is generated by premium beverages which are often priced above $5, the company’s target demographic tends to be financially stable urban professionals. They also tend to be repeat customers: the pioneering Starbucks loyalty program boasts over 8 million 90-day users which drive ~40% of overall revenue. This means they are individuals who are willing and able to purchase not only expensive drinks, but frequently. For this to be possible, customers must have the jobs and monetary means to do so; on average, their favorite customers are 42 years old, college-educated and have an income of $90,000.

Given this commitment to location and community-building as well as the company’s targeted market, it should be no surprise that the existence of Starbucks cafes is often a token of gentrification, which goes hand in hand with the appreciation of real estate values. In fact, Zillow conducted a study on this, discovering that there is a correlation between Starbucks locations and the appreciation of residential real estate values. However the results are over seven years old and did not look at the impacts on a neighborhood level.

Problem

This project aims to discover more information about the average Starbucks customer. Additionally, it will be exploring the correlation between Starbucks and residential real estate values with as recent of a dataset as possible. This will be done with the help of location-based venue data as well as segmented demographic and real estate information.

Audience

There are two possible audiences for this survey. The first is homeowners or investors in residential real estate that are best trying to understand neighborhood demographics and the nature of businesses that are investing in them. The second is Starbucks, which might be trying to understand the neighborhoods it locates its' cafes in, or for a way to benefit based off of secondary real estate effects.

Data Sources

Zillow Home Value Index

This is not the full dataset of all Zillow listings, but a segmented month-by-month compilation of them dating back to 1994. The different segments will aid in examining national trends as well as local neighborhoods. By comparing the prices and monthly changes from this set with the locations with and without Starbucks locations, we can determine correlation and statistical significance.

Worldwide Starbucks Locations

This is a dataset scraped from the Starbucks website from 2017 containing all Starbucks locations in the world. The data is a little bit messy and will need to be cleaned and verified. This will be used to find areas with more and with fewer Starbucks cafes.

Boston Neighborhood GEOJSON

This will be used as the parameters for the neighborhoods of Boston for a more local study. It does not contain parameters for Cambridge or the larger Metro area as those will not be part of this survey.

Foursquare API

After cleaning the Starbucks locations data, each location will be passed to the Foursquare API in order to ascertain the latitude and longitude of each. These locations will then be compared to the Boston Neighborhood GEOJSON data in order to group each location into a specific

neighborhood. Additionally, it should be possible to pull demographic data about the surrounding locations of each Starbuck cafe.

US Census Data

This will be primarily used to ascertain 2017 demographic data for given locations. There are different segments, including at a national level as well as more local neighborhood levels. This will allow for more exploration on people living within the vicinity of Starbucks cafes.

Sources

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https://www.mobilemarketer.com/news/starbucks-boosts-loyalty-membership-by-13-following-switch-to-spend-based/553615/
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