

Hong Kong vs Singapore: Where to open a restaurant/coffee shop?

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1. Introduction

1.1 Background

Hong Kong and Singapore, two of the major competitors in Asia economically, have been vying for the top spot in various global economic ranking indicators. To name a few:

1. **Fraser Institute's annual Economic Freedom of the World report**, Hong Kong(1) and Singapore(2) are once again the most economically free jurisdictions in the world, occupying the top two spots.
2. **IMD World Competitiveness Yearbook 2018**, The United States returns to the first spot, followed by Hong Kong(2), Singapore(3), the Netherlands and Switzerland.
3. **World Economic Forum's Global Competitiveness Report 2018**, Singapore ranks 2nd while Hong Kong trails by 5 spots at 7th.

1.2 Problem

So, when it comes to a practical problem for a restaurant/coffee shop owner in any places of the world, when considering **where to open a new business around the city center** of these two places renowned for the ease of starting an operation, which city should he/she choose? This report will try to explore the answer for this problem.

2. Data acquisition and cleaning

The data is acquired from Foursquare by collecting the information of 100 venues within the 500 meter-radius of city centers of Central, Hong Kong and Downtown Core, Singapore respectively. Only venues categorized as "restaurant" are selected to compare the variety of restaurants in both areas. To further explore the dominance of global coffee shop chain in both cities, locations of Starbucks around the city centers are fetched, also by using Foursquare.

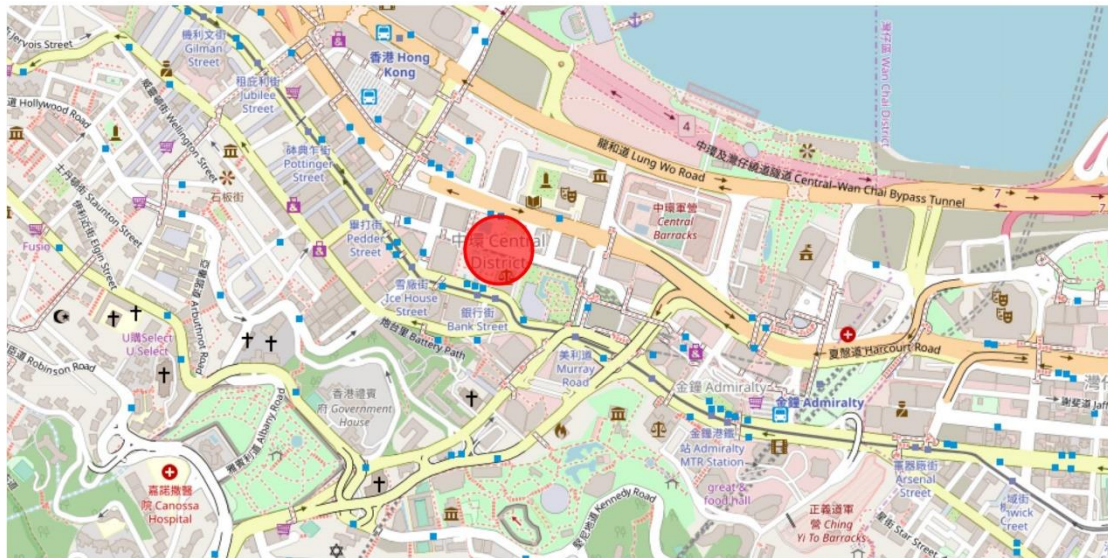


Figure 1 Map of Central, Hong Kong

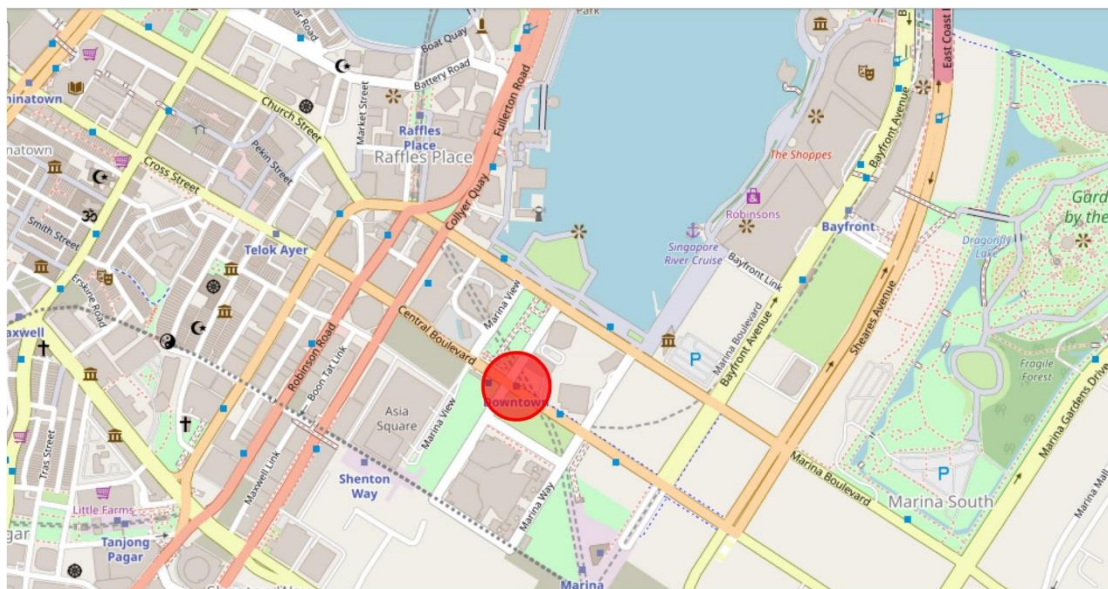


Figure 2 Map of Downtown Core, Singapore

3.Exploratory Data Analysis and Results

3.1 Which city offers more ethnic cuisines?

One way to answer the question is to explore the diversity of cuisines offered in both cities. A city placating a wide variety of tastes offers more flexibility for restaurant owners to formulate their business plans. The variety of restaurants around the centers of Central, Hong Kong and Downtown Core, Singapore are listed below:

counts		counts	
categories		categories	
Chinese Restaurant	5	Japanese Restaurant	7
French Restaurant	4	Chinese Restaurant	6
Italian Restaurant	4	Mexican Restaurant	3
Japanese Restaurant	4	Restaurant	2
Sushi Restaurant	4	Vietnamese Restaurant	2
Cantonese Restaurant	3	Dumpling Restaurant	1
Dim Sum Restaurant	2	Indian Restaurant	1
Asian Restaurant	1	Italian Restaurant	1
Beijing Restaurant	1	Modern European Restaurant	1
Hong Kong Restaurant	1	North Indian Restaurant	1
Mexican Restaurant	1	Ramen Restaurant	1
Shanghai Restaurant	1	Seafood Restaurant	1
Thai Restaurant	1	Spanish Restaurant	1
Vegetarian / Vegan Restaurant	1	Sushi Restaurant	1

Figure 3 Hong Kong

Figure 4 Singapore

At first glance both Hong Kong and Singapore returned the same number of results. However, further analysis found that many of the items under Hong Kong can be categorized as Chinese Restaurants, including ‘Cantonese Restaurant’, ‘Dim Sum Restaurant’, ‘Beijing Restaurant’, ‘Hong Kong Restaurant’ and ‘Shanghai Restaurant’, which are essentially under the same umbrella as Chinese cuisine. It comes as no surprise since 92% of Hong Kong population is ethnic Chinese. Meanwhile, types of restaurants serving other ethnic cuisines are French, Italian, Japanese, Mexican, Asian and Thai, a total of 6.

For Singapore, with about 72% of population as ethnic Chinese, the restaurant scene offers relatively more diverse ethnic cuisines. There are more Japanese restaurants than Chinese restaurants around the center of Downtown Core, while offering 7 other ethnic cuisines with more options like Modern European and North Indian restaurant.

3.2 Which city is a better place to open a coffee shop?

Ranking the categories of venues returned by Foursquare in Downtown Core, Singapore and Central, Hong Kong, the top five categories are as follows:

Singapore		Hong Kong	
categories	name	categories	name
Coffee Shop	11	Lounge	5
Chinese Restaurant	7	Chinese Restaurant	5
Japanese Restaurant	6	Italian Restaurant	4
Sandwich Place	5	Gym / Fitness Center	4
Café	4	Sushi Restaurant	4

Figure 5 Singapore

Figure 6 Hong Kong

There are more coffee shops around Downtown Core, Singapore than Chinese restaurants and the distribution of top 5 most popular categories is quite different from that of Hong Kong. Does it mean that Singapore is also the place to be when it comes to opening a coffee shop? Since Foursquare returns the first 100 venues in this analysis and may not cover all the coffee shops in both places, it requires further analysis to show the true picture.

3.3 Factoring in the Starbucks effect

Starbucks, the largest coffee shop chain in the globe, is also the dominant force in coffee shop business in both Singapore and Hong Kong. Let's visualize the location of Starbucks within the same radius (500m) from the city center of both Central, Hong Kong and Downtown Core, Singapore:



Figure 7 Location of Starbucks around Central, Hong Kong

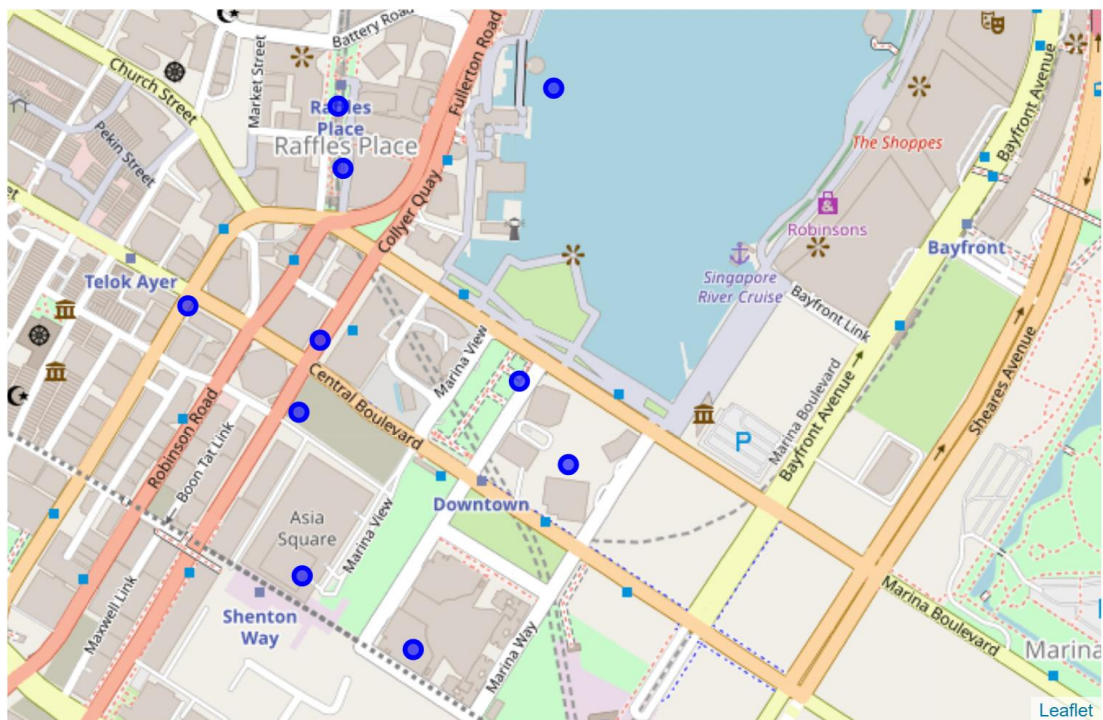


Figure 8 Location of Starbucks around Downtown Core, Singapore

Number of Starbucks in Central, Hong Kong outnumbers Downtown Core, Singapore by 19 to 9. By plotting non-Starbucks coffee shops in the same map offers an even better picture for the space of survival for owners who aspire to open a local coffee shop in one of these two cities:

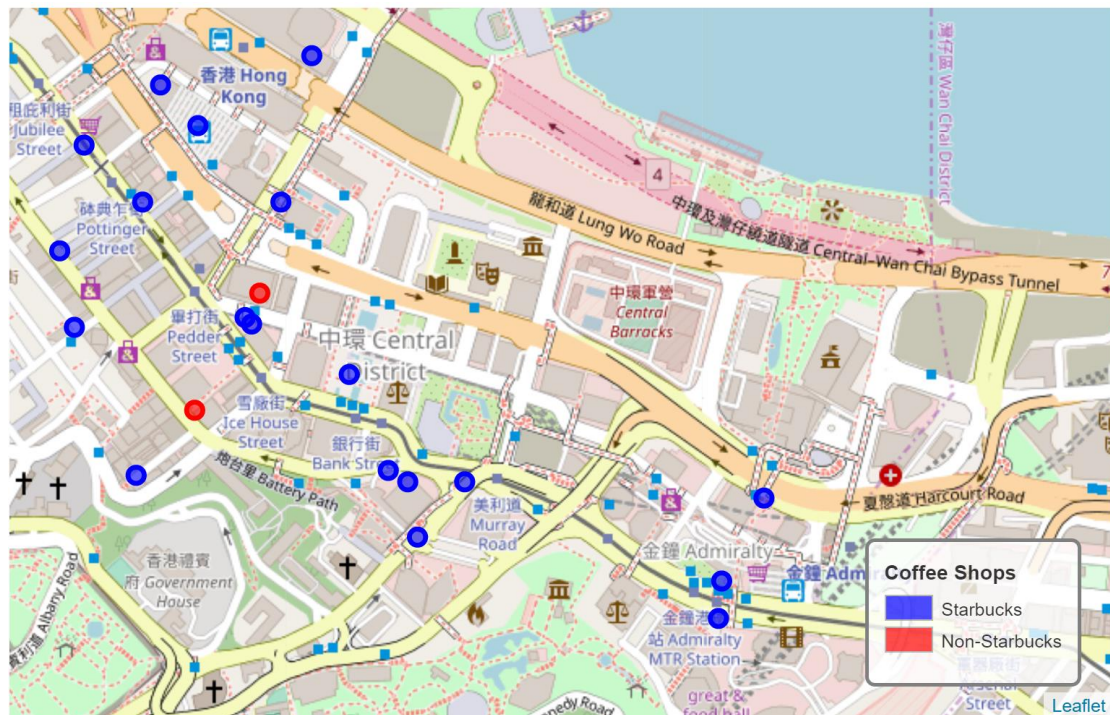


Figure 9 Location of coffee shops around Central, Hong Kong

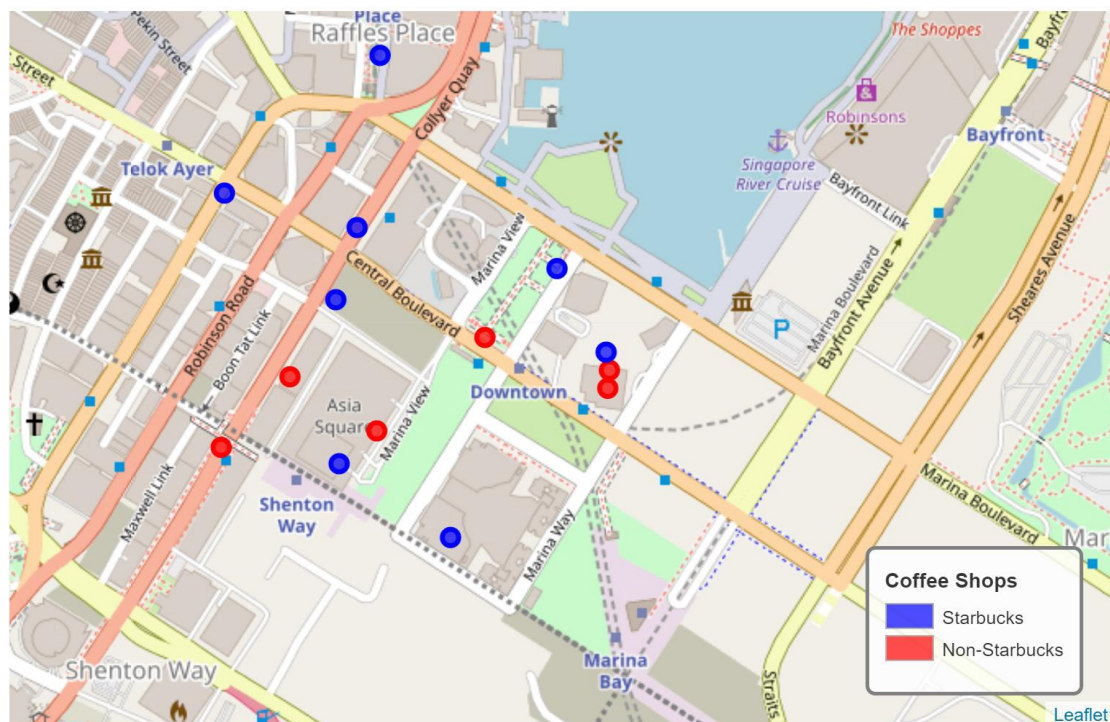


Figure 10 Location of coffee shops around Downtown Core, Singapore

Not only are there more non-Starbucks coffee shops around Downtown Core, Singapore than in Central, Hong Kong, many of them are closer to the city center than Starbucks.

The non-Starbucks coffee shops in Downtown Core are as follows:

name	categories
Jewel Coffee	Coffee Shop
The Exchange	Coffee Shop
Lunar Coffee Roaster	Coffee Shop
63Espresso	Coffee Shop
Workspace Espresso & Bar	Coffee Shop
Toast Box 土司工坊	Coffee Shop

Figure 11 Non-Starbucks around Downtown Core, Singapore

4. Discussion and Conclusion

The analysis seems to conclude that Singapore ticks both boxes for offering a wide selection of ethnic cuisines and better prospects in face of dominance by Starbucks. High rents for shops in Hong Kong, found in various studies with the most expensive serviced apartments and shop rentals, may account for the results and the study will be more comprehensive if rental data is incorporated into the location of venues for further analysis.

Since this study is confined to the comparison of city centers in both cities, it is not fully representative of the coffee shop business in both cities. While local coffee shops may find it difficult to set foot around the center of Central, Hong Kong, many of them can be spotted around Central within the Central and Western district.