Capstone Presentation

Investing in Speciality Coffee Cafes in Singapore

Contents

A. Introduction

Background:
- Interest and demand of speciality coffee has been on the rise.
- Local consumer taste evolving beyond well-known franchises such as Starbucks and The Coffee Bean
- Such coffee is typically found in speciality and hipster cafés which have only begun to emerge in recent years.

Objective:
- The aim of this project is to validate and support an incoming foreign investor planning to setup 3 speciality coffee cafes in to target the local population.
- **Target Region:** South East Asia / Singapore

Target Audience:
- Foreign investors looking to invest in the cafes

B. Data (1/3)

5 key sources of information

1) Global Population Density

| Rationale	To validate the investment decision on targeting countries with high population densities; Implying higher customer reach per café
Data	Population density per country
Source	World Bank

2) Global Gross Domestic Product (GDP) per Capita

Rationale	To validate the investment decision on targeting markets with high income and hence spending/buying power
Data	GDP density per country
Source	World Bank

B. Data (2/3)

3) Geo-Location of Subways

Rationale	The Singapore government has been pushing the local population to turn to public transportation over car-ownership in the drive towards sustainability and to avoid city congestion which are commonplace in many developed countries. Therefore, subway locations can be assumed to see a lot of human traffic
Data	Geo-location of subways in Singapore
Source	Various sources on Google Maps; Self mapped
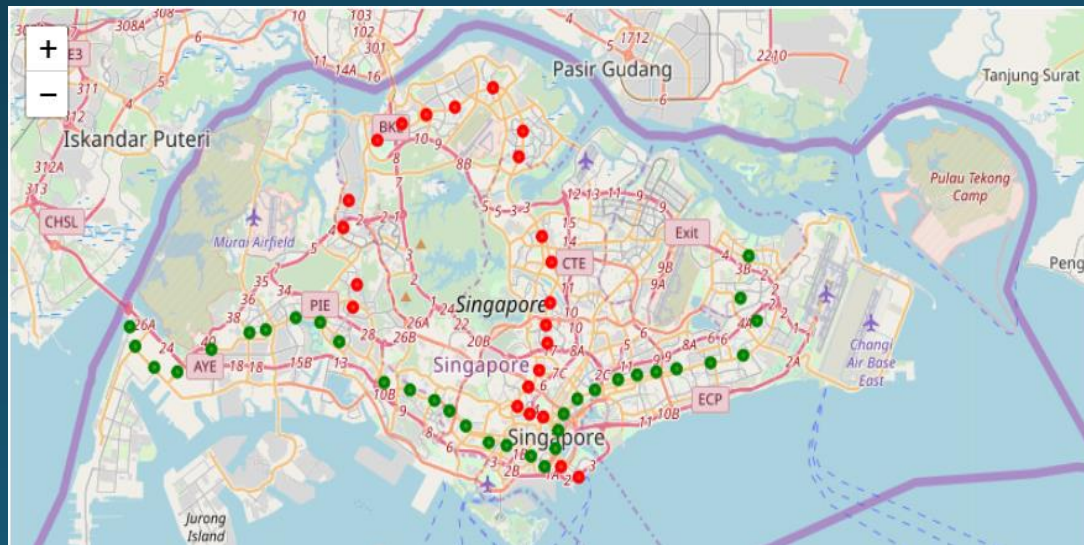
Mapping of subway points across Singapore
Green: East/West Line
Red: North/South Line

B. Data (3/3)

4) Population by Local Planning Zone (i.e. Towns)

| Rationale	To identify towns with the largest addressable customer populations
Data	Population of Singapore Residents by town
Source	Singstats

5) Foursquare Location Data

| Rationale	To understand the number of eateries and potential competition (i.e. other cafes) in proximity of a subway, towards supporting the decision on where to establish the café
Data	Place of interests by geolocation town
Source	FourSquare

C. Methodology

i. **Validate** that Singapore is the ideal location in South East Asia to invest into setting up the cafe. This is to be done by confirming that its location population has the highest buying power and addressable customer pool (i.e. highest GDP per capita, and highest population density)

ii. **Identify the locations of its subway stations** as a target area for setting up the cafe. Rationale is that the Singapore government is encouraging its population to go car-free and use public transport. As such, subway stations are likely to have high human traffic volumes

iii. Next is to **identify the towns** within Singapore and **prioritize them by population** (i.e. implying largest customer pool)

iv. Each town might have multiple subway stations, therefore **using FourSquare venue data** would enable the **selection of the preferred stations** - defined as having the least cafes and having the most other type of food and beverage stores which implies its attraction to locals as a food hub

D. Results (1/3)

Top 20 countries by Population Density
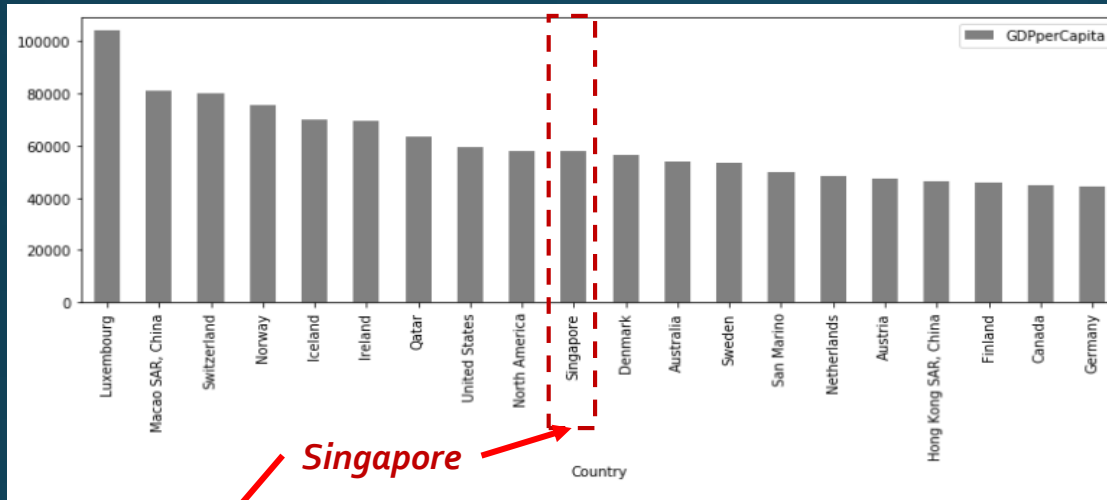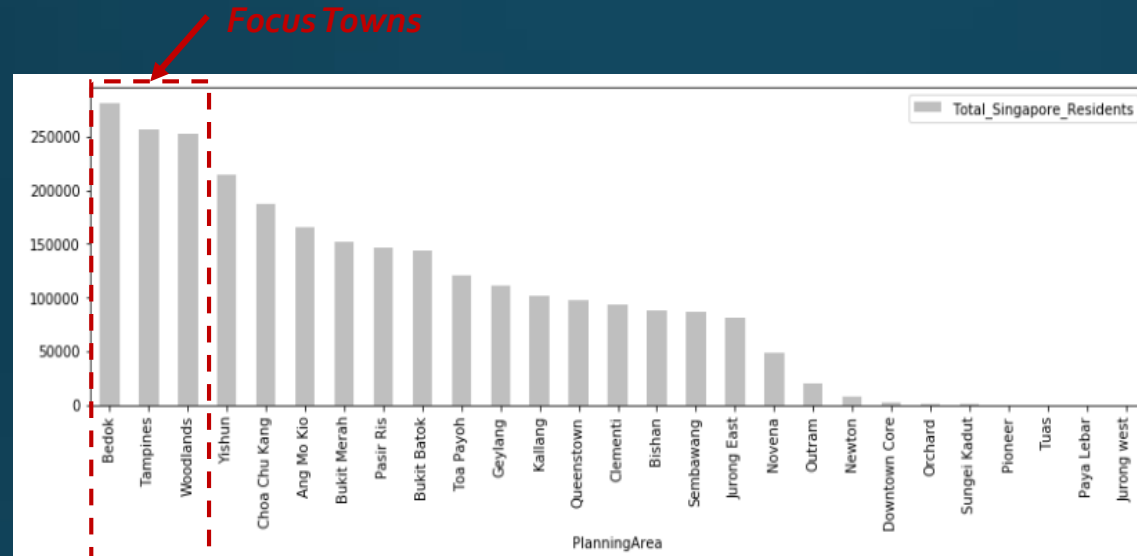
Top 20 countries by GDP per Capita
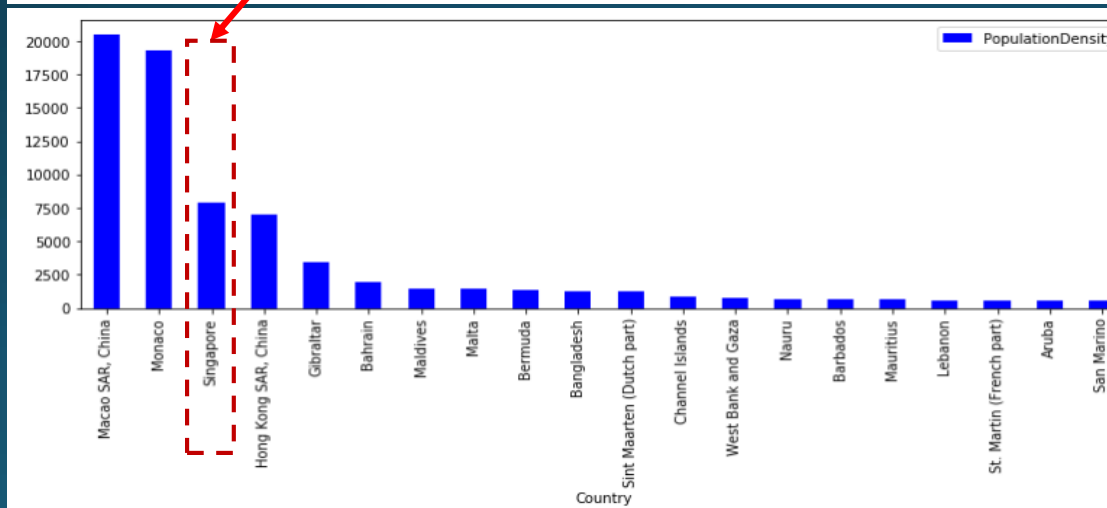
Validating that Singapore would be the ideal investment location given the spending power of its local populations and its population density.
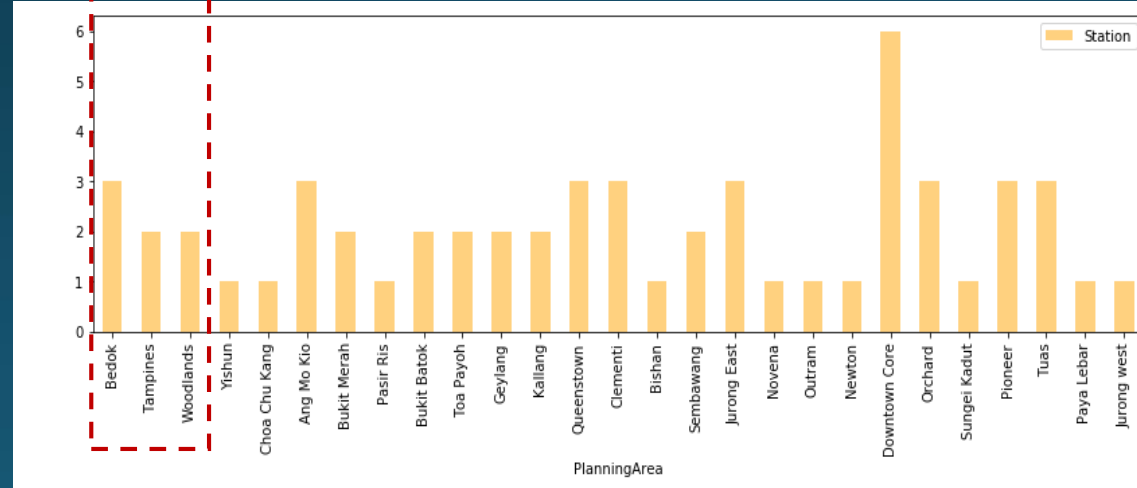
- 10th country by GDP

- 3rd by population density

D. Results (2/3)

Focus Towns

Towns in Singapore Ranked by Population

Number of Subways serving each Town

Ranking all towns sorted by population size, and counting the number of subway stations serving each

- Primary target towns would be those with the highest population

- Bedok, Tampines and Woodlands towns have the highest populations.

- Each of these however are served by multiple subway stations

D. Results (3/3)

500 metres vicinity

Target Towns / **Target Subway Locations**

Ranking	Station	Town	Café Count	Total Population	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
1	Tanah Merah	Bedok	0	281300.0	Noodle House	Indian Restaurant	Basketball Court	Dim Sum Restaurant	Ice Cream Shop	Resort	Restaurant	Chinese Restaurant	Flower Shop	Food Court
2	Bedok	Bedok	2	281300.0	Coffee Shop	Chinese Restaurant	Japanese Restaurant	Food Court	Bakery	Dessert Shop	Fast Food Restaurant	Sandwich Place	Sushi Restaurant	Supermarket
3	Kembangan	Bedok	0	281300.0	Chinese Restaurant	Indian Restaurant	Diner	Snack Place	Seafood Restaurant	Supermarket	Noodle House	Coffee Shop	Food Court	Bistro
4	Simei	Tampines	1	257110.0	Fast Food Restaurant	Hotpot Restaurant	Bakery	Diner	Coffee Shop	Sandwich Place	Chinese Restaurant	Shopping Mall	Noodle House	Café
5	Tampines	Tampines	4	257110.0	Bakery	Coffee Shop	Café	Chinese Restaurant	Bubble Tea Shop	Gym	Shopping Mall	Dessert Shop	Clothing Store	Pharmacy
6	Woodlands	Woodlands	3	252530.0	Japanese Restaurant	Café	Asian Restaurant	Clothing Store	Supermarket	Chinese Restaurant	Shopping Mall	Fast Food Restaurant	Food Court	Indian Restaurant
7	Marsiling	Woodlands	0	252530.0	Asian Restaurant	Coffee Shop	Train Station	Steakhouse	Bubble Tea Shop	Gym	Music Venue	Pizza Place	Japanese Restaurant	Smoke Shop
8	Yishun	Yishun	1	214940.0	Coffee Shop	Food Court	Supermarket	Grocery Store	Fast Food Restaurant	Chinese Restaurant	Shopping Mall	Bistro	Bookstore	Bubble Tea Shop
9	Choa Chu Kang	Choa Chu Kang	1	187510.0	Coffee Shop	Fast Food Restaurant	Asian Restaurant	Food Court	Park	Train Station	Shop & Service	Restaurant	Shopping Mall	Bakery
10	Khatib	Ang Mo Kio	0	165710.0	Coffee Shop	Fast Food Restaurant	Supermarket	Shopping Mall	American Restaurant	Grocery Store	Department Store	Food Truck	Food Court	Bus Stop

Subways with the lowest number of cafes in the most populous towns:
- Bedok Town: Tanah Merah OR Kembangan Station
- Tampines Town: Simei Station
- Woodlands Town: Marsiling Station

As Bedok Town had 2 stations with 0 cafes each (lowest count), the most common venue profile of these stations were analysed:
- Kembangan: 9 out of 10 were food & beverage [Therefore preferred]
- Tanah Merah: 7 out of 10 were food & beverage
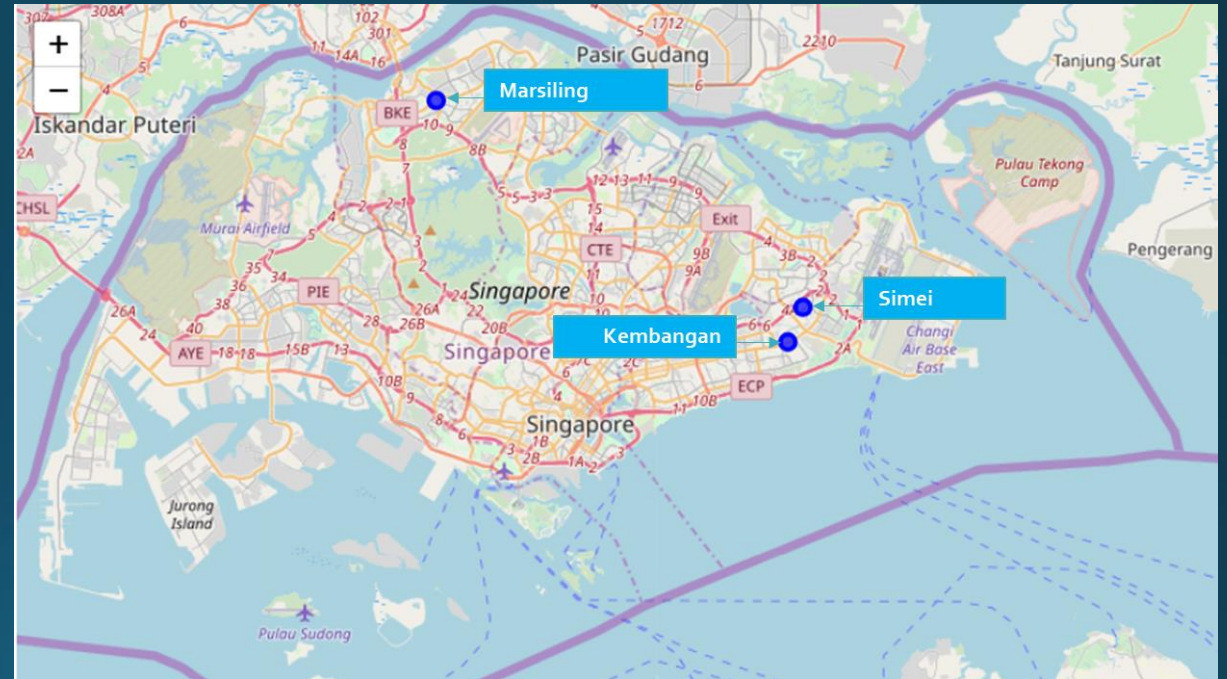
E. Discussions

- The investor's target market is South East Asia. Based on GDP per Capita, it can be observed that Singapore is the only South East Asian country in the top 20 list

- Similarly Singapore is the top South East Asian country by Population Density

- Focus subway lines - East/West and North/South

- The top 3 towns by population are Bedok, Tampines and Woodlands

- These 3 towns had 3, 2 and 2 number of stations respectively

- A count of number of cafes were made for each of the stations in these towns

- It was then observable which stations had the fewest cafes within 500 metres and were the preferred location

- At Bedok Town, there was however a tie between Tanah Merah and Kembangan Station, as both had 0 cafes

- Kembangan was chosen over Tanah Merah, as 9 out of top 10 venue types were eateries implying that the location is likely considered a target location for F&B; At Tanah Merah, only 7 out of the top 10 venues were food & beverage locations; (i.e. more existing eateries means a more attractive location; a draw to the local population)

F. Conclusions

Top 3 subway locations to setup a speciality coffee cafe are:

- 1) Town: Bedok — —> Station: Kembangan
- 2) Town: Tampines — —> Station: Simei
- 3) Town: Woodlands — —> Station: Marsiling

Decision driven by total population by town which implies potential target market and the selection of subway based on the descriptive profile of its surroundings (i.e. more existing eateries means a more attractive location; a draw to the local population)

Thank you