



## **Cheap VS Expensive Restaurants in the GTA**

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### **Abstract:**

This study compares different restaurants across the GTA to identify trends in cuisine types, price range and location. The purpose of the study was to test the hypothesis that supports the central place theory and examine clusters of restaurants. The study was conducted by a group of 5 University of Toronto students. The study consists of approximately 80-100 cases, which are different restaurants in the context of this study. The research was conducted through spatial analysis, and collection of data through yelp and google reviews. The researchers searched the internet to locate the highest rated restaurants in the GTA and used yelp and google reviews to categorize them into two lists by price range. Both cheap and expensive restaurants were mapped by exact location using a virtual mapping tool. After formulating numerous hypotheses, we put them to the test by coding the restaurants through other variables. After all relevant information was collected about the cases, the findings supported the claim that there is a reason that expensive restaurants are strategically located near one another rather than spread across the city.

### **Key words:**

The key concepts and terms used in this research brief are defined and listed in the following paragraph.

**Central Place theory** is the theory that claims services are located in one geographical area because one central area will result in the growth and success of a business (Jung and Jang 2019).

**Clusters, cuisine, cheap, expensive, GTA (Greater Toronto Area), ratings/reviews**, are all common terms used in this research brief.

### **Introduction**

It is important for society to understand the trends that reoccur in marketing practices. One of the biggest markets is food. In order to own and maintain a successful restaurants business, entrepreneurs must understand their target audience, spatial location, competition, and the opportunity for economic benefits in specific regions. Toronto is a large and diverse place and is home to many businesses and restaurants. There are clusters of restaurants in districts and hubs that attract crowds and tourists from all over the world. These factors contribute to a restaurant's success. One interesting question that is worthy of research and analysis is if the price point of restaurants in the food industry are located in specific places that ensure they are catering to their target audience. Our research supports the idea that restaurants at a are at a higher price point tend to cluster in lively places such as Downtown Toronto.

### **Background**

In the GTA there are certain places that have a higher consumer rate due to a denser population or an environment that attracts locals and tourists to consume goods. This is achieved by establishing restaurants, stores, services, art, and infrastructure in one geographical location for entertainment purposes (Jung and Jang 2019). This can be referred to as the central place theory discussed by authors Jung and Jang. They have discussed a brilliant sociological explanation as to why business gravitates towards a specific location. The benefits of central place theory are that it allows business to gain more customers, have more exposure to their business, be easily accessible because most central places are made to accommodate visitors transporting in various ways, and work alongside similar business (Jung and Jang 2019). Our research used the concept of central place theory to explain the heavily clustered restaurants in downtown Toronto compared to the rest of the GTA.



### Methods

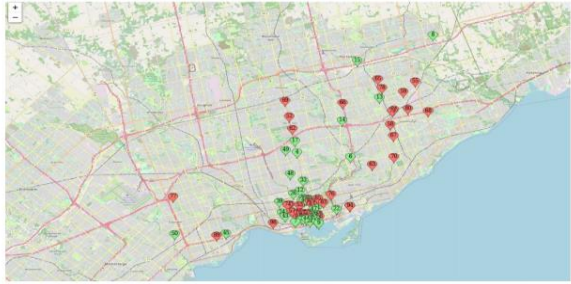
Our methods began with the formulation of the hypothesis. The final hypothesis we agreed to test was that expensive restaurants tend to cluster in the downtown area. To do this, we had to compare expensive restaurants with cheaper restaurants. We compiled a list of 80-100 restaurants, half of which were considered cheap, and the other half was expensive. We used yelp and googled reviews to identify the price point by looking at how many \$ symbols each restaurant had. After categorizing the restaurants into two lists. We began mapping out our restaurants.

We used a mapping tool online to plug in the name of the restaurants and locate the exact address in Toronto. The map allowed us to see the proximity of all the restaurants over a map of Toronto. The findings on the map supported our claims, but we wanted to understand the reason why our hypothesis was true. To ensure we selected restaurants that were popular we aimed to select restaurants with a high number of reviews and high ratings by observing google and yelp reviews. After gaining the reassurance that we collected data from reputable cases. We analyzed the map to see where the cheap and expensive restaurants clustered.

In addition to finding our hypothesis to be true, we were able to conclude that bath cheap and expensive restaurants were from a large range of cuisines which demonstrates the diversity of Toronto. These variables were coded because towards the beginning of our research, we assumed that cuisine type, language on menus, type of dishes would be of relevance. We discovered that price point was in fact the biggest influence on spatial location, which was our main research topic. The maps and graphs under the findings depict the impact of price point on the trend of central place theory in Downtown Toronto.

### Findings

Cheap & Expensive ( Green = Expensive, Red = Cheap )

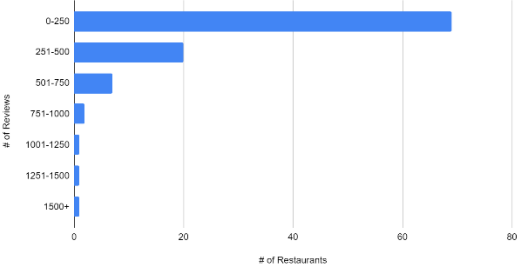


The map above demonstrates the location and clustering of the cases used in this research. The expensive restaurants are green, and the Cheap restaurants are clustered in red. As you can see most of the restaurants are clustered in Downtown Toronto with only a few outliers.

### Ratings of Restaurants



### Number of Restaurants vs. Number of Reviews



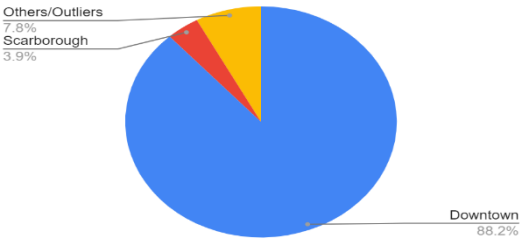




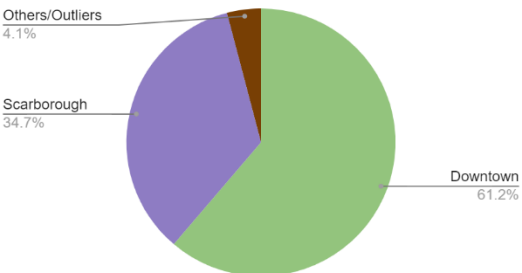
**Findings Continued**

The scatter plot and bar graph above show the number of reviews and the ratings of the cases. The scatter plot shows that most restaurants were rated above 3 stars on a 1-5 scale, with most of them being rated 4.5-5 stars. The bar graph demonstrates that most of the reviews had 0-250 reviews, while some even had up to 1500+.

**Regions of Most Expensive Restaurants**



**Regions of Cheapest Restaurants**



The pi charts are a visual representation of how most restaurants cluster in Downtown Toronto with some outliers falling in Scarborough and other regions. The key element that supports our hypothesis is that the diagram of the expensive restaurant has a significantly smaller portion of outliers while the cheaper restaurants have a good number of restaurants in Scarborough and other regions.

**Conclusion and Recommendation**

Our hypothesis was true and supported central place theory discussed by Jung and Jang because we found that all restaurants tend to cluster downtown, most likely because of the economic and environmental advantages (Jung and Jang 2019). However, there were more cheaper restaurants that were located in Scarborough and other regions, while the highest reviewed and rated expensive restaurants, were almost entirely located in Downtown Toronto.

There were limitations in our research that can be polished and improved for future research on this topic. Most of our data collected through reviews are subjective and will vary from person to person which means that the popularity of the restaurants has the possibility to change. Another limitation was that our sample size was only limited to Toronto. The results we found may have had a different outcome if we tested the hypothesis in another city. Lastly, the price point is another factor that is subject to change. The extreme fluctuations of cost in Toronto are proof of how the scale of cheap and expensive can change and be unresponsive of our hypothesis in a different time. Expanding research in more cities with a history of a more stable economy, and using personal evaluation of the quality of restaurants rather than anonymous reviews, may be the next step in understanding the core reasons behind central place theory.

**References**

Jung, S. S., Jang, S. S. 2019. To cluster or not to cluster? Understanding geographic clustering by restaurant segment. *International Journal of Hospitality Management*, 77, 448-457.









