Keywords: Location selection, census block group, affinity propagation

Abstract: Location selection determines the feasibility of a new location by evaluating factors such as the drive time of customers, the number of potential customers, and the number and proximity of competitors to the new location. Traditional location selection approaches use census block group data to determine average customer drive times by computing the drive time from each block group to the proposed location and comparing it to all competitors within the area. However, since companies need to evaluate on the order of hundreds of thousands of potential locations and competitors, traditional location selection approaches prove to be computationally infeasible. In this paper we present an approach that generates an optimal set of clusters to speed up drive time calculations. Our approach is based on the insight that in urban areas block groups are comprised of a few adjacent city blocks, making the differences in drive times between neighboring block groups negligible. We use affinity propagation to initially cluster the census block groups. We use population and average distance between the cluster centroid and all points to recursively re-cluster the initial clusters. Our approach reduces the census data for the United States by 80% which provides a $5 \times$ speed when computing drive times. We sample 200 randomly generated locations across the United States and show that there is no statistically significant difference in the drive times when using the raw census data and our recursively clustered data. Additionally, for further validation we select 300 random Walmart stores across the United States and show that there is no statistically significant difference in the drive times.

1 INTRODUCTION

Location selection determines the feasibility of a new retail location by evaluating factors such as the drive time of customers to the new location, the number of potential customers, and the number and proximity of competitors to the new location. Locations that are distant from the customer base, out-positioned by a major competitor, or in a rural area with a low population density are less likely to succeed. Drive time computations for a new location are performed by using the census block group data in conjunction with drive time analysis tools, such as the Google Maps Distance Matrix API (Google, 2017). For a proposed location, a trade area is created around the location and drive times are computed from each block group within the trade area to the proposed location. The drive times are then averaged and compared with competing locations to determine if the proposed location is closer than the competition.

However, since companies need to evaluate on the order of thousands of potential locations and competitors, computing drive times from each census block group can be computationally infeasible. In this paper, we present an approach to reduce the computational overhead for drive time calculations by clustering neighboring block groups into a single point. Our insight is that census block groups in urban areas are in close proximity, as shown in Figure 1, making drive time calculations from each block group redundant as the differences in driving time between neighboring block groups are negligible.

In this paper we present an approach to estimate an optimal set of census block group clusters. The novelty of our approach is a recursive algorithm to split large clusters into optimal-sized clusters that satisfy user-provided thresholds of population count and average distance between the cluster centroid and cluster members. We first generate an initial set of clusters using affinity propagation (Frey and Dueck, 2007) which automatically estimates the number of clusters for an input set of points. We recursively
Figure 1: Two neighboring census block groups in Washington, DC. As shown by the Google Maps distance and drive time calculation, the block groups are 0.2 miles which equates to a 1 minute driving time. The difference in distance and drive time is insignificant and the block groups can be clustered to a single point. In this paper, we leverage block group proximity to cluster neighboring block groups into a single point to reduce computational overhead.

split clusters if their human population count or average distance from each member to the cluster centroid are higher than user-provided thresholds, and if there are more than 10 block groups in each cluster. We approximate the distances between each cluster member and the cluster centroid by using the haversine formula (Van Brummelen, 2012).

The remainder of this paper is organized as follows: in Section 2 we discuss the related literature in location selection. Section 3 discusses our recursive threshold based cluster splitting approach. In Section 4 describe our dataset, and we show the computational improvements gained by clustering block groups. We discuss the practical and statistical differences in drive times using 200 random locations in Section 5. We discuss internal and external validity threats in Section 6. Finally, we conclude the paper in Section 7 and provide potential directions for future research.

2 RELATED WORK

Several approaches use a variety of features extracted from the data in location selection. The approach of Xu et al. (Xu et al., 2016) features such as distances to the city center, traffic, POI density, category popularity, competition, area popularity, and local real estate pricing to determine the feasibility of a location. The approach of Karamshuk et al. (Karamshuk et al., 2013) uses features mined from FourSquare along with supervised learning approaches using Support Vector Regression, M5 decision trees, and Linear Regression to determine the optimal location of a retail store.

Social media platforms provide novel metrics to evaluate the feasibility of a location. Several approaches determine the popularity of a proposed location by using the reviews of users (Wang et al., 2016a), or by evaluating the number of user check-ins and location centric data from platforms such as Twitter and FourSquare (Karamshuk et al., 2013; Qu and Zhang, 2013; Yu et al., 2013; Yu et al., 2016; Wang et al., 2016b; Chen et al., 2015). User comments posted on review sites provide insights on the personal experience of the consumer at an existing location or similar business. User check-in data provides popularity metrics for a geographical area based on the frequency and duration of a visit.

Many approaches use optimal location queries to evaluate the effectiveness of a location by placing higher priority on locations that are closer to the proposed customer base (Xiao et al., 2011; Ghaemi et al., 2010). The approach of Ghaemi et al. (Ghaemi et al., 2012) uses nearest neighbors with results from past optimal location queries to address issues caused by moving locations and customers. Banaei et al. (Banaei-Kashani et al., 2014) propose reverse skyline queries to allow optimal location queries to handle multiple criteria such as distance to location and distance to competitors.

Since a proposed location may not satisfy all criteria adequately, Kahraman et al. (Kahraman et al., 2003) use fuzzy techniques to reach a compromise between various criteria while evaluating the feasibility of a site. Fuzzy approaches have been used to determine the appropriate number of firestations at an airport (Tzeng and Chen, 1999), and the optimal location of new convenience stores (Kuo et al., 1999) and factories (Çebi and Otay, 2015; Yong, 2006). Approaches based on analytic hierarchy process (AHP) use human experts to weight location selection criteria and to generate a comprised location rank (Tzeng et al., 2002; Yang and Lee, 1997; Aras et al., 2004).

Unlike the prior approaches, our work uses census block group data, and is most closely related to research in the area of retail location selection, service accessibility and market demands using census block groups (Bailey, 2003; Nallamothu et al., 2006; Carr et al., 2009; Guagliardo, 2004; Jiao et al., 2012; Branas et al., 2005; Farber et al., 2014; Blanchard and Lyson, 2002). Several approaches use census block groups and tracts to compute population and drive time estimates for access to trauma centers, hospitals, grocery stores, and supermarkets (Branas et al., 2005; Nallamothu et al., 2006; Carr et al., 2009; Guagliardo, 2004; Jiao et al., 2012; Farber et al., 2014; Blanchard and Lyson, 2002). Unlike our work, these approaches estimate drive times by using urban, suburban, and rural speed thresholds and population densities. In the absence of accurate drive time data for location selection, the approach of Li et al. (Li et al., 2015)
computes road segment times from public transit GPS data. Our work differs from these approaches in that all these approaches use unclustered census block groups and drive time estimates for evaluating the feasibility of a proposed location. Unclustered census data introduces computational overhead when selecting across multiple candidate locations and comparing to multiple competitors. Drive time estimates do not accurately depict the time taken by customers to reach the location. Instead we propose using exact drive times obtained from Google Maps, while using clustering to reduce computational overhead.

3 THRESHOLD BASED RECURSIVE CLUSTERING

3.1 Base Clustering Algorithm

We use affinity propagation as our base clustering algorithm as it does not require the user to specify the number of clusters (Frey and Dueck, 2007). In our case, we have no prior knowledge on the optimal cluster size. Further, each state can have a different number of clusters based on the population distribution. For example, as shown in Figure 2, Utah and Minnesota have the same overall land area, but have dif-
different census block group distributions due to their geography. As shown in Figure 3, Utah has 51 clusters while Minnesota has 134 clusters. Densely populated areas are combined into multiple clusters, while sparsely populated areas are combined into a single cluster. Minnesota has several densely populated areas, and hence requires a larger number of clusters to describe the state.

We use the affinity propagation algorithm implemented in the Python scikit-learn toolkit using 2000 maximum iterations and 200 convergence iterations (Pedregosa et al., 2011). The convergence iterations control the number of iterations without any changes in the estimated clusters. A high maximum and convergence iteration provides higher certainty that the resultant clusters will not change.

### 3.2 Recursive Cluster Splitting

Our recursive cluster splitting method uses the initial clusters generated in Subsection 3.1, a user-provided upper bound \( \bar{d}_{\text{bound}} \) for the mean distance between the cluster centroid and each cluster point, and a user-provided upper bound \( p_{\text{bound}} \) for the total population in each cluster as input. For the results shown in this paper, we set \( d_{\text{bound}} \) to 5 and \( p_{\text{bound}} \) to 20,000. For each cluster \( c \) from Subsection 3.1, we compute the distance \( d_i \) between the cluster centroid and the \( i \)th point in the cluster, where \( i \in I_c \) and \( I_c \) represents the indices of all points in the \( c \)th cluster, as

\[
d_i = R \cdot b_i,
\]

where \( b_i \) is given by

\[
b_i = 2 \cdot \arctan \left( \sqrt{a_i \cdot \sqrt{1 - a_i}} \right).
\]

The value of \( a_i \) represents the haversine of the central angle between each point represented by its latitude \( \phi_i \) and longitude \( \lambda_i \) to its cluster centroid represented by \( \phi_c \) and \( \lambda_c \), and is computed as

\[
a_i = \sin^2 \frac{\phi_c - \phi_i}{2} + \cos \phi_i \cdot \cos \phi_c \cdot \sin^2 \frac{\lambda_c - \lambda_i}{2}.
\]

In Equation (1), \( R \) represents the radius of the earth at the equator, i.e., 3959 miles. For cluster \( c \), we compute the mean distance \( \bar{d} \) for all points in the cluster to its centroid as

\[
\bar{d} = \frac{1}{|I_c|} \sum_{i \in I_c} d_i.
\]

We split cluster \( c \) into a second set of clusters using affinity propagation if \( \bar{d} \) is higher than the user-specified upper bound \( \bar{d}_{\text{bound}} \) or the population in the \( c \)th cluster \( p_c \) is higher than \( p_{\text{bound}} \), and if the number of points in a cluster is greater than 10. For each newly generated cluster, we recursively perform average distance computation and evaluation of the distance, population, and cluster point count to split them further till the user-defined constraints are met. Algorithm 1 summarizes the steps of our approach. The initial clustering algorithm runs in \( O(kn^2) \) time and produces \( R \) clusters, where \( k \) represents the number of iterations until convergence and \( n \) represents the number of samples. In our case, the initial clustering algorithm runs with \( n = 220,334 \) points and \( k = 200 \). Each of the \( R \) clusters is reclustered in \( O(km_r^2) \) time, where \( k = 200 \) and \( m_r \) represents the number of points in the \( r \)th cluster and \( i \in R \).

#### 3.3 Drive Times Computation

When evaluating the effectiveness of our approach, we compute exact drive times to a potential location from all points enclosed by a bounding box at a user-specified distance (e.g., 5 miles). The bounding box is represented by coordinates of the north east and south west most points. All points within the bounding box are cluster census block groups generated by Al-

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**Algorithm 1: Recursive Cluster Splitting**

**Input:** Sets of latitudes and longitudes for initial cluster points \( \{ \{(\phi_i, \lambda_i) : i \in I_{\text{ini}} \} : c_{\text{ini}} \in C_{\text{ini}} \} \), and user-provided bounds \( \bar{d}_{\text{bound}} \) and \( p_{\text{bound}} \)

**Output:** Set of final clusters, \( O \)

1. for \( c_{\text{ini}} \in C_{\text{ini}} \) do
2. \( P_{\text{ini}} \leftarrow \{ (\phi_i, \lambda_i) : i \in I_{\text{ini}} \} \)
3. \( O = \text{split}(P_{\text{ini}}, O) \)
4. return \( O \)
end

**Procedure** \( \text{split}(P_c, O) \)

1. \( d_c \leftarrow \text{Compute } d_c \) using Equation (4)
2. if \( d_c > \bar{d}_{\text{bound}} \) then
3. Split cluster represented by points in \( P_c \) by clustering them into smaller clusters \( \{ P_i : \tilde{c} \in C \} \) using affinity propagation
4. for \( \tilde{c} \in C \) do
5. \( \text{return } \text{split}(P_i, O) \)
end
6. \( O \leftarrow O \cup P_c \)
7. return \( O \)
end

---

\( \phi \) and \( \lambda \) denote the latitude and longitude of the potential location.
Algorithm 2: Bounding Box Computation

Parameters: $MINLAT$ (min latitude): $-90^\circ$, $MAXLAT$ (max latitude): $90^\circ$, $MINLON$ (min longitude): $-180^\circ$, $MAXLON$ (max longitude): $180^\circ$, $R$ (radius of earth): $6,371$ km.

Input: Distance $d$ and location $(\phi_1, \lambda_1)$

1. $\phi = \frac{d}{R}$
2. $\phi_{\text{min}} = \phi_1 - \phi$
3. $\phi_{\text{max}} = \phi_1 + \phi$
4. If $\phi_{\text{min}} > MINLAT \land \phi_{\text{max}} < MAXLAT$ then
   5. $\lambda = \sin^{-1}\left(\frac{\sin \phi \cos \phi_1}{\cos \phi_1}\right)$
   6. $\lambda_{\text{min}} \leftarrow \lambda_1 - \lambda$
   7. If $\lambda_{\text{min}} < MINLON$ then
      8. $\lambda_{\text{min}} \leftarrow \lambda_{\text{min}} + 2\pi$
   end
   9. $\lambda_{\text{max}} \leftarrow \lambda_1 + \lambda$
10. If $\lambda_{\text{max}} > MAXLON$ then
       11. $\lambda_{\text{max}} \leftarrow \lambda_{\text{max}} - 2\pi$
   end
12. Else $\phi_{\text{min}} \leftarrow \max(\phi_{\text{min}}, MINLAT)$
13. $\phi_{\text{max}} \leftarrow \min(\phi_{\text{max}}, MAXLAT)$
14. $\lambda_{\text{min}} \leftarrow MINLON$
15. $\lambda_{\text{max}} \leftarrow MAXLON$

Figure 4: We use the drive times generated by the Google Maps API to determine the differences between raw census block group data and our recursively clustered data. The JSON object payload contains distance and drive time values from a given starting and ending location.

...algorithm 1, and represent customers who are likely to visit the potential location. We compute the locations of the north east and south west most points of the bounding box by using the inverse haversine formula described in Algorithm 2. Given a distance $d$ and the location denoted with latitude $\phi_1$ and longitude $\lambda_1$, we compute the north east location with latitude $\phi_{\text{max}}$ and longitude $\lambda_{\text{max}}$ and the south west location with latitude $\phi_{\text{min}}$ and longitude $\lambda_{\text{min}}$. We use the Google Maps API to generate drive times for all points enclosed by bounding box to the location. For example, to compute the drive time and distance between starting location ($44.66, -74.99$) and ending location ($44.67, -74.98$), we call the mapping API using: https://maps.googleapis.com/maps/api/distance matrix/json?units=imperial&origins=44.66 , -74.99&destinations=44.67, -74.98. The returned JSON object is shown in Figure 4. The generation of the north east and south west most points of the bounding box are performed in $O(1)$ time, while the drive time computations are performed in $O(n)$ time, where $n$ represents the number of points within the bounding box.

4 RESULTS

We use the 2010 US Census Bureau Block Group dataset which consists of 220,334 unique block groups representing all 50 states, District of Columbia, and Puerto Rico (Census, 2010). The dataset consists of:

- $\text{STATEFP}$ or State Federal Information Processing Standards (FIPS) code, which is used to identify each state in the US,
- $\text{COUNTYFP}$ or county FIPS code, which is used to identify each county within the state,
- $\text{POPULATION}$ or the total population of the block group,
- $\text{LATITUDE}$ or the latitude of the block group center, and
- $\text{LONGITUDE}$ or the longitude of the block group center.

Our approach reduces the size of the census dataset from 220,334 block groups to 41,442 clustered block groups, thereby reducing the dataset by 81.19%. On a per state basis, we see the highest reduction in Rhode Island, with a reduction from 815 block groups to 117 clusters resulting in a reduction of 85.64%. We see the lowest reduction in North Dakota, with a reduction from 572 block groups to 164 clusters, or a reduction of 71.33%.

The average maximum distance from the cluster centroid across all states is 4.624 miles. The average distance from the cluster centroid to cluster points across all states is 2.300 miles. On a per state basis, we see the lowest average maximum distance from
the cluster centroid in the District of Columbia at 0.667 miles. The lowest average distance from the cluster centroid to cluster points is also in the District of Columbia at 0.381 miles. We see the highest average maximum distance from the cluster centroid in Alaska at 27.141 miles. The highest average distance from the cluster centroid to cluster points is also in Alaska at 11.369 miles. For a congested state with dense traffic patterns and low inner city speed limits, such as the District of Columbia, a low cluster centroid to cluster point distance is ideal. On the other hand, for a sparsely populated state, such as Alaska, where speed limits are higher a larger cluster centroid to cluster point distance has minimal impact.

The state to state variations in census block group reduction can be explained by the differences in land
area and population distribution. As shown in Figure 5, census block group reduction is highest in Rhode Island as it is a densely populated state with 1021 individuals per square mile. States such as Nevada, where the population density is low (26 individuals per square mile), but highly concentrated to a few localities also have a higher reduction (84.80%). On the other hand, states with a low population density, such as Wyoming with 6 individuals per square mile have the lowest reduction.

For a densely populated state, such as Rhode Island, we start with 815 census block groups and generate a set of 27 sub-optimal clusters. These initial clusters are sub-optimal as the average maximum distance from the cluster centroid is 6.825 miles and an average cluster centroid to cluster points distance of 3.272 miles. Using our approach, we generate 117 optimized clusters. The average maximum distance from the cluster centroid is 2.285 miles, and the average distance from the cluster centroid to cluster points is 1.259 miles. On the other hand, for a sparsely populated state, such as South Dakota, we start with 654 census block groups and generate a set of 15 sub-optimal clusters. The average maximum distance in the sub-optimal clusters is 76.994 miles and the average cluster centroid to cluster points distance is 30.607 miles. Our approach generate 177 optimized clusters with a average maximum distance of 8.501 miles and an average cluster centroid to cluster points distance of 4.264 miles.

To understand how localities with different population densities are handled by our approach, we show the changes in cluster distribution after initial cluster and optimization for two localities in Connecticut in Figures 6 and 7. As shown in Figure 7, after initial clustering a densely populated areas, such as the Hartford area, has a large number of block groups in close spatial proximity. A sparsely populated area, such as the Salisbury area has very few census block groups with a larger distance between neighboring block groups. As shown in Figure 7, after optimization our approach generates clusters comprised of 10 or more census block groups in densely populated areas since the distance between cluster members is low. For sparsely populated areas, each cluster consists of 3-4 census block groups as they are spatially further apart from each other.

The 80% reduction in the census dataset results in a $5 \times$ increase in computational efficiency on average. As shown in Figure 8 for our random location denoted by the diamond symbol and located at coordinates (41.766458, -72.677643), we generate 253 potential customers groups in a 5 mile bounding box using the census block group data with an average drive time of 10 minutes 14 seconds. Our approach generates 33 clustered customer groups with an average drive time of 10 minutes 22 seconds.
Figure 7: A densely populated area contains several block groups in close proximity, while a sparsely populated area has larger distances between block groups. By reclustering the densely populated area into multiple smaller clusters, we ensure that the drive time differences between the raw census data and clustered data are minimized. (Figure best viewed in color.)

Figure 8: Effect of clustering on reducing the number of drive time computations in a urban location, such as Hartford, CT. The diamond indicates a proposed location, and the circles indicate block groups. The figure on the left shows the raw census block group data, while the figure on the right shows the clustered block group data.

5 EVALUATION

The typical location selection process involves the evaluation of drive times for several thousand locations across the country and making comparisons to several thousand competitors. We measure the performance of our optimized clustering approach by computing the difference in drive times for 200 random locations generated across the entire US. For each location we create a trade area at a radius of 5 miles from the location and compute the average drive time using both the census block group data and the optimally clustered data. We apply a paired t-test and test the following hypotheses:

**NULL:** the mean drive time for census block group data is no different from the mean drive time for optimally clustered data.

**Alternate:** the mean drive time for census block group data is different from the mean drive time for optimally clustered data.

We failed to reject the NULL hypothesis with a p-value of 0.1878. The difference in sample means
for the census block group data and clustered data is 0.224301 minutes or 13.5 seconds. The 95% confidence interval lies between [-33.53 seconds, 6.62 seconds]. For the census block group data, we compute drive times to 8855 consumer groups. By using the clustered census block groups we only compute drive times to 1570 locations, resulting in a 5.64× improvement in the number of computations.

The differences in drive times obtained from the census and clustered census data are impacted by the number of clustered points found within a trade area for a proposed location. As shown in Figure 9, sparsely populated areas where the clustering reduces to the census block groups to 1 or 2 clusters results in a higher difference in drive times. In sparse areas, we observe drive time differences up to 2 minutes on average when comparing the census and clustered census data. For densely populated areas, where census block groups are in close spatial proximity, the drive time differences are less than 30 seconds on average. A 2 minute drive time difference in a sparsely populated area, where amenities are in general further apart, may be more acceptable to a consumer.

To further validate our approach, we randomly selected 300 Walmart locations and computed the drive time using our optimized clustering approach and the raw census data. We failed to reject the NULL hypothesis with a p-value of 0.08782. The difference in sample means for the census block group data and the clustered data is 0.1464922 minutes or 8.8 seconds. The 95% confidence interval lies between [-18.89 seconds, 1.31 seconds].

![Drive Time Difference Census vs. Clustered Census](image.png)

Figure 9: Drive time differences measured in seconds for census vs. clustered census data. Drive time differences reduce as the number of clustered points in the neighborhood of a proposed location increases.

6 THREATS TO VALIDITY

**Internal.** The 2010 United States Census block group dataset contains 930 block groups with zero population. These block groups are located in uninhabited areas, such as lakes and national forests. Our approach is not affected as zero population block groups are either left unclustered (579 out of 930) as they are not candidates to become members of another cluster, or are consumed into a cluster where they do not add to the cluster’s population count.

We use the haversine formula to compute distances from cluster members to the cluster centroid. The haversine formula provides the distance as the ‘crow files’, and does not factor in natural pathway obstructions for humans, such as bodies of water or mountains. For the purpose of our approach the haversine distance is used to determine the closeness of cluster members to the centroid, and not as an exact measure of distance.

As shown in Figure 10 in sparsely populated areas the differences in the drive times between the census and the optimized cluster set is higher. For example, using a randomly generated location in Salisbury, CT, our approach reduces the number of drive time computations from 8 in the census data to 1 in the clustered census data. However, the drive time difference between the two is 4 minutes 38 seconds. In future, we intend to address these issues by extending the bounding box further out from the proposed location in sparsely populated areas. In this instance, if we increased the bounding box distance to 7.5 miles the differences in drive time reduces to 1 minute 52 seconds. Additionally, using a population weighted approach would remove this threat since these block groups would have no impact on the analysis.

**External.** Our approach uses population data aggregated as census block groups. While census block groups are used only in the United States, our approach can be performed on census tracts which are used in several other countries, such as Australia, New Zealand, and United Kingdom.

7 DISCUSSION

In this paper we presented our approach for generating optimized census block group clusters for improving the efficiency of drive time calculations for location selection. Companies need to evaluate on the order of thousands of potential locations and competitors, computing drive times from each census block group can be computationally infeasible. Our optimization approach allows the user to specify distance and population thresholds and generate a clustered US census block group dataset. Our clustering approach
reduces the census block group data from 220,334 groups to 41,442 clustered groups. By reducing the census data set, we provide an average $5 \times$ speed up for the drive time computation process. We demonstrate the robustness of our approach by generating 200 random and 300 Walmart locations across the United States and using the Google Maps Distance Matrix API to generate actual drive times. The difference in drive times generated by the census and clustered census datasets have no practical or statistically significant difference. The largest differences in drive times between the census and clustered census data are found in sparsely populated areas. Citizens in these areas are more likely to be accepting of longer travel time due to the lack of amenities. The lowest differences in drive times are found in densely populated areas, where citizens are more likely to notice changes in time and distance.

Our current census block group clustering approach uses the haversine formula to determine proximity of cluster members to the cluster centroid. In future, we will use geographic data to determine locations of natural obstructions, such as mountains and waterways, along with transportation data to use roadway speed limits to improve the accuracy of the clustering process using obstacle aware clustering techniques (Tung et al., 2001). Traffic patterns within urban areas influence drive time calculations. Our current approach generates clusters based on spatial proximity. In future, we will incorporate traffic data to optimize clusters based on congestion trends. Our current approach uses a population threshold of 20,000 and a distance threshold of 5 miles, in future we will investigate a broader set of thresholds to determine the most effective clustering approach. Our approach utilizes data from the United States, in future we will investigate the generalizability of our approach by using census tract data from countries such as Australia, New Zealand, and United Kingdom.

**REFERENCES**


