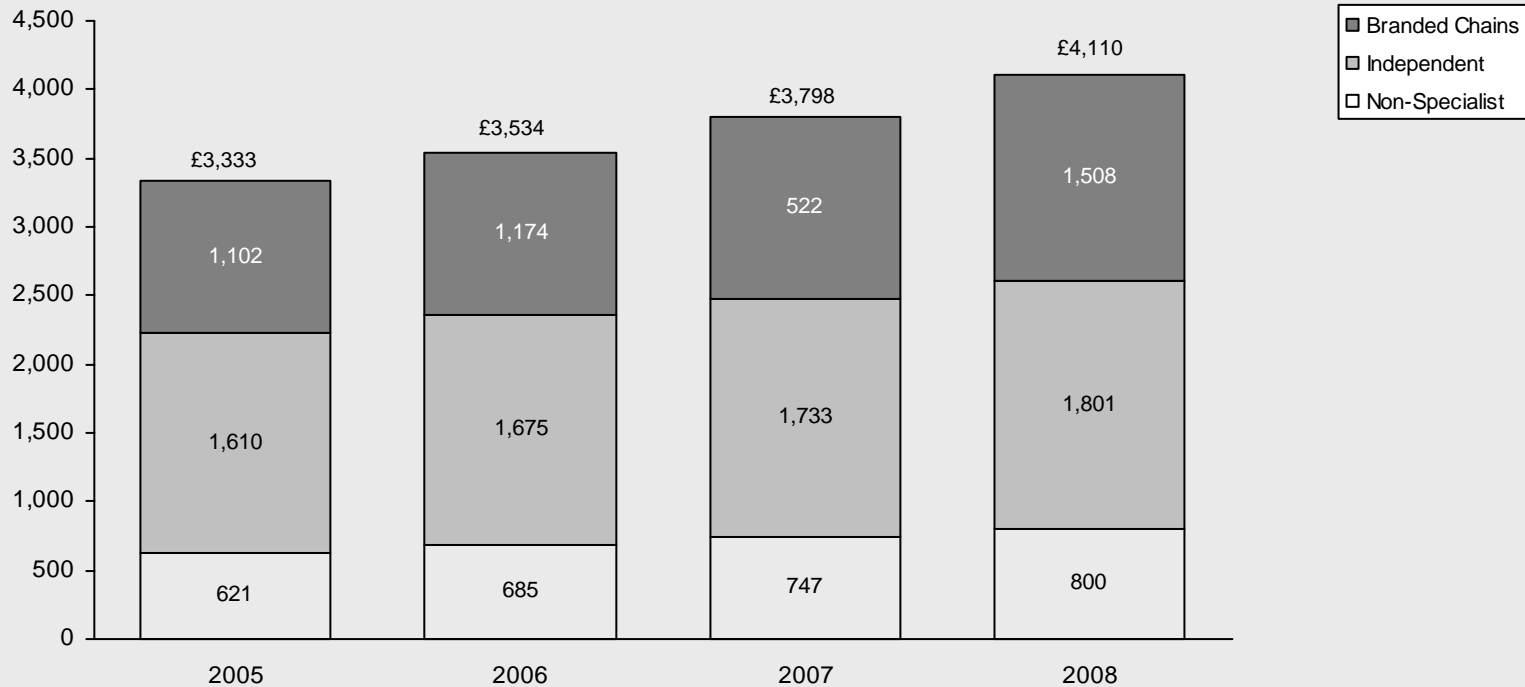


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Market Size (2)

The UK coffee shop market is valued at 4.1 billion pounds in September 2008, representing annual growth of 7.2% since 2005. The market is expected to expand further to reach 5 billion pounds by 2013. The independent coffee shop market is estimated at £1.8bn.

FIGURE 2.2– COFFEE SHOP MARKET TURNOVER ESTIMATE, BY TYPE, 2005 - 2008
 £ Millions

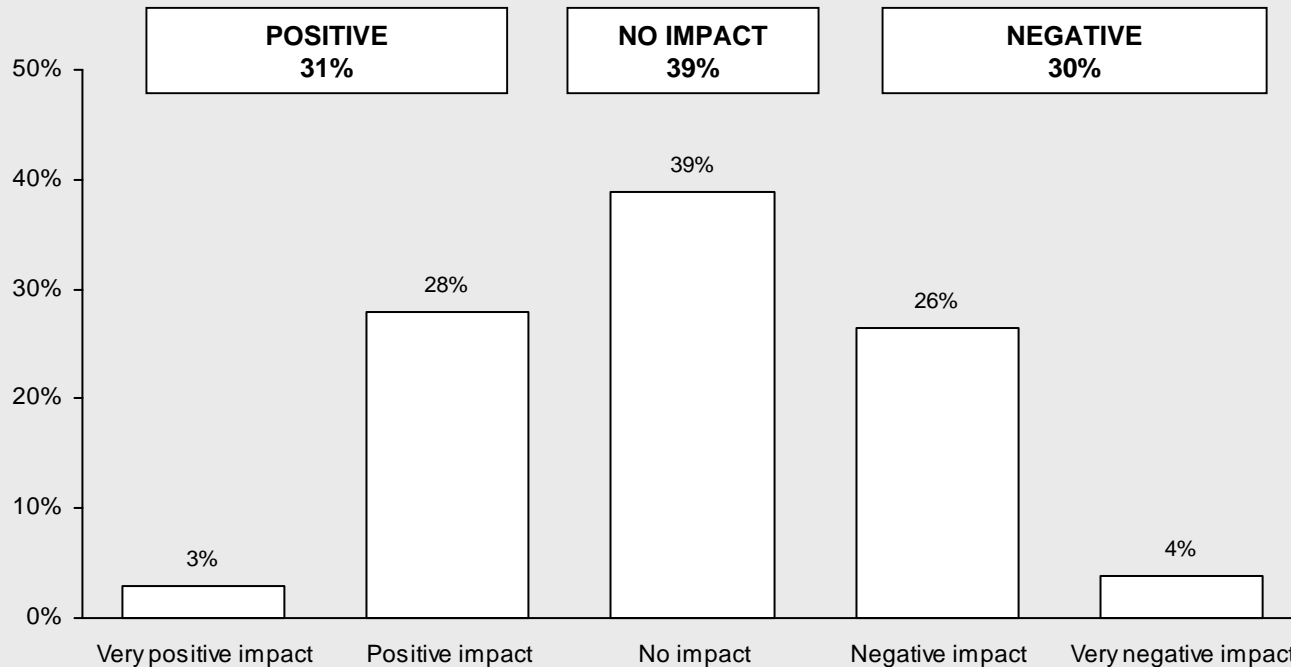


The sample was divided over the influence of branded coffee chains on the independent market. While 31% believe coffee chain operators have a positive impact on their business, 30% view the influence as negative. 39% of respondents believe that branded coffee chains do not influence their business.

FIGURE 3.10 – IMPACT OF BRANDED COFFEE CHAINS

Response to question: What impact, if any, do coffee chains have on your business?

Percentage



Source: Allegra Strategies Research & Analysis, 2008

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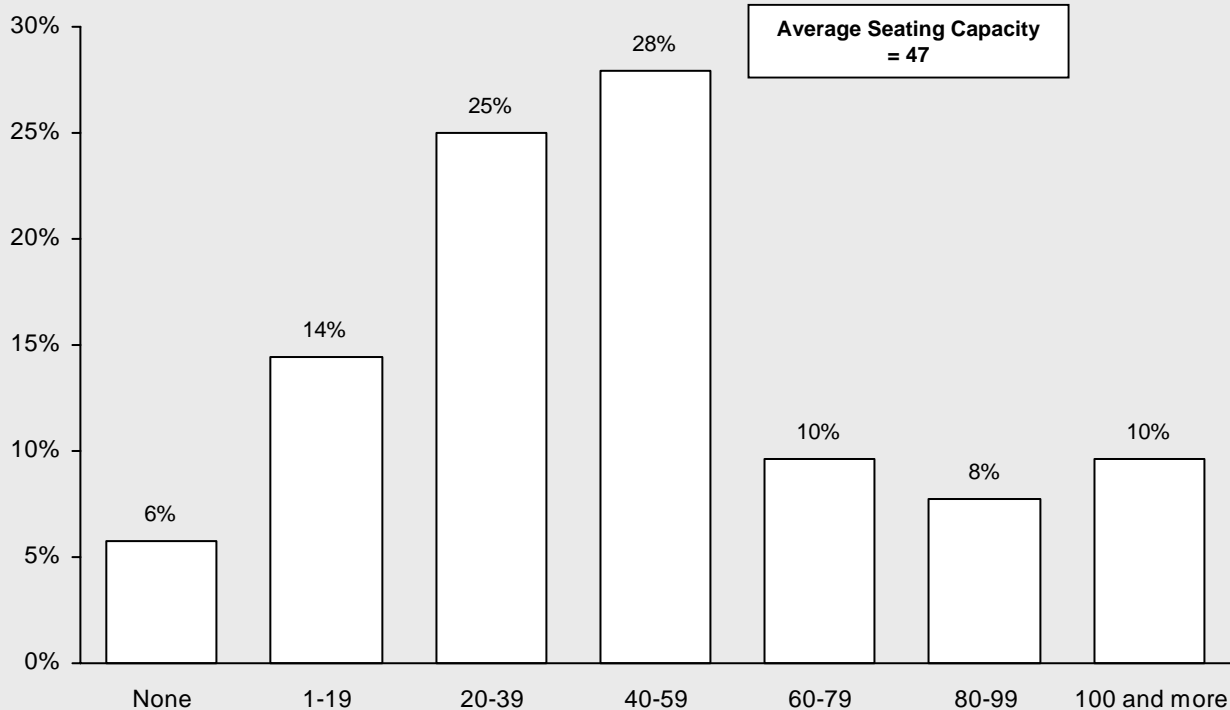
Profile of Independents – Seating Capacity

Independent coffee shops are characterised by considerable variations in size and therefore in seating capacity. More than 50% of operators surveyed have the seating capacity for 20-59 customers. The overall average is 47.

FIGURE 3.4 – SEATING CAPACITY

Response to question: How many people can be seated in your coffee shop?

Percentage



Source: Allegra Strategies Interviews and Analysis, 2008



The main single piece of advice owners and managers of independent coffee shops would give to an aspiring coffee shop owner is to conduct thorough research in their market to understand the coffee culture, location and customer profiles. Respondents also strongly recommended finding the right location and emphasised the importance of hard work and tenacity to business success.

TABLE 3.9 – ADVICE TO AN ASPIRING COFFEE SHOP OWNER

Response to question: What single piece of advice would you give to someone who wants to open a coffee shop?

Main Advice	%
Research	20%
Get the right location	10%
Don't do it!	9%
Be prepared to work hard	8%
Deliver good customer service	5%
Ensure high quality of coffee	5%
Plan thoroughly	4%
Be unique	4%
Control your finances	4%
Get the right products and services	4%
Provide great quality products	4%
Employ quality staff	4%
Get good barista training	4%
Work for someone else in the sector first	4%
Have a passion for coffee	3%
Enjoy yourself	3%

INTERVIEW QUOTES

“Research Research Research! Understand the industry and visit as many trade shows and coffee shops as possible. Never think it is easy!”

[Owner, York]

“Make sure you are in a good location which is receptive to your café.”

[Owner, London]

“Probably don't. Unless you really understand the sector (which not many people do) you're going to struggle to compete in one of the most competitive industries going.”

[Owner, Edinburgh]

“They need to understand it is much harder work than they might first anticipate!”

[Owner, Swansea]

“Deliver the best service and the freshest product. But most of all put the customer first.”

[Owner, West Sussex]

“Find the best coffee, as without that everything else is just window dressing.”

[Owner, Newcastle-upon-Tyne]