

Coffee Shops - UK - February 2011

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What is this report about?

Visiting coffee shops is a well-established habit amongst consumers, with many seeing it as an affordable regular treat which is also driven by consumers' continuing demand for convenience products. However, operators in the market are having to battle with rising raw ingredient costs and a turbulent economy, and one of the primary concerns for coffee shops is that they are losing their USP as more and more non-specialists focus on expanding their hot drinks ranges and improving the product quality.

What have we found out?

- Creating warm, inviting interiors needn't have to involve expensive redesigns. In fact, in many instances brands would do well to tackle the basics first with many consumers still critical of venues' general hygiene and facilities, and a quarter of coffee shops users stating that a greater number of flexible seats affects how often or which particular coffee shops they visit.
- Coffee shops are losing their USP as non-specialists continue to focus on improving, and expanding their own hot drinks ranges: whilst around a quarter of consumers have visited Costa Coffee or Starbucks in the last three months, some 15% have chosen to a hot drink from a fast food/sandwich shop (eg Pret a Manger, McDonald's).
- In response, coffee shops should re-establish their 'specialism'. For example, extending the use of seasonal product launches/speciality/signature drinks should help improve the frequency of visits to coffee shops, as, at present, only around a quarter of consumers are described as heavy users.
- By tapping into the Mintel Inspire trend Mood from Food, coffee shops could bolster sales of speciality tea (currently only 4% of users have ordered them in the last three months, compared to 50% who have ordered a cappuccino/latte/mocha) by promoting these teas as mood enhancers as well as being functional products.
- Coffee shops are arguably failing to engage with older consumers. Around 7% of consumers are lapsed (do drink hot drinks out of home but haven't in the last three months).
- A focus on simplicity could help coffee shops target these older consumers who tend to prefer the straight forward drinks choices. For example, the Mintel Inspire trend Switch Off explores the need for some consumers to take time off from all the choices on offer. This is reflected in SSP's new brand Bread Box which sells all its drinks in the same-sized cup at £1, whilst all other products are also sold in 'round pounds'.

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