

## Coffee Shops - UK - November 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“As coffee is now an expected product in foodservice outlets, eateries with accessibly priced hot drinks, alongside a strong food offering, have an advantage over specialist coffee shops. Reviewing price strategies are an obvious starting point for coffee shops to fight back, as people are now spreading their budget across more establishments that offer barista-style coffee.”  
**– Trish Caddy, Senior Foodservice Analyst**

This report looks at the following areas:

- Coffee is an expected product in foodservice outlets
- So, how can coffee shops compete against non-specialists?
- How to stand out from modern independent coffee shops?

Sales value growth in the coffee shops sector has moderated from 8.9% in 2015 to 3.2% in 2019 as the market faces tough competition from non-specialists that are playing on price and convenience.

Instead of adding more coffee shop sites to compete with the raft of food-led shops that are now serving coffee, operators will have to explore launching new concepts, including vending machines aimed at consumers who are spending more time in transit and in need for strong coffee on-the-go.

However, with consumers pledging to live more sustainably, operators are pressured to innovate around practical recycling solutions. Although 56% of customers agree that more coffee shops should charge people a fee for using disposable coffee cups, reusable coffee cups are the preferred solution, as 82% of customers agree that more people should use them.

**BUY THIS  
REPORT NOW**

**VISIT:**  
store.mintel.com

**CALL:**  
EMEA  
+44 (0) 20 7606 4533

Brazil  
0800 095 9094

Americas  
+1 (312) 943 5250

China  
+86 (21) 6032 7300

APAC  
+61 (0) 2 8284 8100

**EMAIL:**  
reports@mintel.com

### DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

# Coffee Shops - UK - November 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Table of Contents

### Overview

What you need to know  
Products covered in this Report

### Executive Summary

The market  
Value of coffee shops market expected to hit £3.9 billion this year  
Figure 1: UK coffee shops market, value sales and forecast, 2014-24  
Companies and brands  
Overall store count grew by 3% in 2019  
Figure 2: Selected UK coffee shops' market share, by outlet numbers, 2015-19  
Costa continues to be a well-loved brand  
The consumer  
Almost half bought from Costa Coffee  
Figure 3: Venues visited, August 2019  
Resurgence in tea drinking  
Figure 4: Types of hot drinks bought out-of-home, August 2019  
16-44 year-olds are willing to splurge  
Figure 5: Amount consumers are willing to spend on a small coffee, August 2019  
Two fifths of non-users prefer to make their own  
Figure 6: Barriers to usage, August 2019  
9 in 10 want a functional drink  
Figure 7: Functional properties of drinks desired by out-of-home hot drink consumers, August 2019  
Preferred recycling solution: reusable coffee cups  
Figure 8: Attitudes towards coffee shops, August 2019  
What we think

### Issues and Insights

Coffee is an expected product in foodservice outlets  
The facts  
The implications  
So, how can coffee shops compete against non-specialists?  
The facts  
The implications  
How to stand out from modern independent coffee shops?  
The facts  
The implications

### The Market – What You Need to Know

BUY THIS  
REPORT NOW

**VISIT:** [store.mintel.com](https://store.mintel.com)  
**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | China +86 (21) 6032 7300  
APAC +61 (0) 2 8284 8100 |  
**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Coffee Shops - UK - November 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

- Value of coffee shops market expected to hit £3.9 billion this year
- Future coffee supply is volatile
- Challenge of recruiting and retaining staff
- Pressure to come up with better recycling solutions

## Market Size and Forecast

- Value of coffee shops market expected to hit £3.9 billion this year  
Figure 9: UK coffee shops market, value sales and forecast, 2014-24
- Non-specialists have well and truly disrupted the market  
Figure 10: UK coffee shops market, value sales and forecast, 2014-24
- Forecast methodology

## Market Drivers

- Future coffee supply
- Retention of hospitality staff
- Better recycling solutions
- Charge a fee for disposable cups
- Reward those who use their own cups
- Make reusable Christmas cups  
Figure 11: Reusable festive cups, by Costa Coffee, October 2019
- Offer stainless steel straws  
Figure 12: Stainless steel straws, as seen in The Manufactory, by Tartine Bakery (US), September 2019
- #CupCupandAway scheme

## Companies and Brands – What You Need to Know

- Overall store count grew by 3% in 2019
- Greggs continues to innovate with technology
- Seamlessly fitting into busy lives
- Ad spend drops to £14.8 million in 2018
- Costa continues to be a well-loved brand

## Key Players and Market Share

- Overall store count grew by 3% in 2019  
Figure 13: Selected UK coffee shops' market share, by outlet numbers, 2015-19
- Mergers and acquisitions
- Coca Cola completes Costa acquisition
- Black Sheep buys Taylor Street Baristas  
Figure 14: Selected modern independent coffee shops, by outlet numbers, 2017-19

## Competitive Strategies

- Non-specialists continue to encroach  
Figure 15: Examples of non-specialists offering specialty coffee, 2019
- Comparative case study: Greggs vs Costa Coffee

BUY THIS  
REPORT NOW

**VISIT:** [store.mintel.com](https://store.mintel.com)  
**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300  
 APAC +61 (0) 2 8284 8100 |  
**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

## Coffee Shops - UK - November 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 16: Comparison between Greggs and Costa Coffee breakfast coffee meal deals, October 2019

Greggs is full steam ahead into the future

Figure 17: Greggs click and collect

### Launch Activity and Innovation

New formats

Delivery

Express

Vending machines

Figure 18: easyCoffee rolls out vending machines, 2019

Mobile ordering

Figure 19: Costa Coffee launches mobile ordering, August 2019

Coffee subscription

New menu options

Caffè Nero's coffee-themed menu

Figure 20: Bacon, Sausage and Egg Ciabatta Roll, £3.65, by Caffè Nero

Caffè Nero's coffee tonic

Figure 21: Espresso & Tonic, by Caffè Nero

Ready-to-drink ranges

Costa Coffee: familiarity

Figure 22: Costa Coffee, by Coca-Cola, UK

Starbucks: functional

Figure 23: Starbucks Triple Shot Energy, by Starbucks Coffee, USA

### Advertising and Marketing Activity

After a bumper 2017, ad spend drops to £14.8 million in 2018

Figure 24: Advertising expenditure, by selected coffee shops, 2015-19

Starbucks' award-winning campaigns

Figure 25: Advertising expenditure, by selected coffee shops, by media type, 2015-19

McCafé still the biggest ad spender

Costa digs deep for recycling solutions

Pret's 'limited edition' strategy

Nielsen Ad Intel coverage

### Brand Research

Brand map

Figure 26: Attitudes towards and usage of selected brands, October 2019

Key brand metrics

Figure 27: Key metrics for selected brands, October 2019

Brand attitudes: McCafé seen as good value whilst Costa delivers consistently high quality

Figure 28: Attitudes, by brand, October 2019

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](https://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

## Coffee Shops - UK - November 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Brand personality: Starbucks tops unethical rating while Pret seen as most exclusive

Figure 29: Brand personality – macro image, October 2019

Caffè Nero and Starbucks need to stand out more as they are too samey

Figure 30: Brand personality – micro image, October 2019

Brand analysis

Costa is much loved in the UK

Figure 31: User profile of Costa Coffee, October 2019

McDonald's McCafé is disrupting the coffee shops market

Figure 32: User profile of McDonald's McCafé, October 2019

Caffè Nero lacks differentiation

Figure 33: User profile of Caffè Nero, October 2019

Pret has a premium image

Figure 34: User profile of Pret a Manger, October 2019

Starbucks can't shake off its "unethical" image

Figure 35: User profile of Starbucks, October 2019

### The Consumer – What You Need to Know

Almost half bought from Costa Coffee

Resurgence in tea drinking

16-44 year-olds are willing to splurge

Two fifths of non-users prefer to make their own

9 in 10 want a functional drink

Preferred recycling solution: reusable coffee cups

### Venues Visited

The consumer mix

Almost half bought from Costa Coffee

Figure 36: Venues visited, August 2019

One in four bought hot drinks from fast food chains

Starbucks's popularity is limited to Younger Millennials

Londoners are third-wave coffee connoisseurs

16-44 year-olds like visiting multiple venues

Figure 37: Repertoire of venues visited, August 2019

### Types of Drinks

Resurgence in tea drinking

Figure 38: Types of hot drinks bought out-of-home, August 2019

Young consumers' sweet spot for hot chocolate

Young consumers like having a bit of everything

Figure 39: Repertoire of types of hot drinks bought out-of-home, August 2019

### Coffee Shop Price Sensitivity

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](https://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

## Coffee Shops - UK - November 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

The importance of a tiered pricing strategy

Figure 40: Amount consumers are willing to spend on a small coffee, August 2019

Most low spenders get their coffee fix from food-to-go

Figure 41: Venues visited, by coffee shop price sensitivity, August 2019

### Barriers to Usage

New generation of at-home hot drinks enthusiasts

Figure 42: Barriers to usage, August 2019

### Functional Properties of Coffee

9 in 10 want a functional drink...

Figure 43: Functional properties of drinks desired by out-of-home hot drink consumers, August 2019

...regardless of their coffee budget

Figure 44: Functional properties of coffee desired by consumers, by amount consumers are willing to spend on a small coffee, August 2019

### Attitudes towards Coffee Shops

Charge a fee for disposable cups

Figure 45: Attitudes towards coffee shops, August 2019

Food venues are taking a slice of the pie...

Figure 46: Attitudes towards coffee shops, by amount consumers are willing to spend on a small coffee, August 2019

...so coffee shops must deliver value-added products and services

Getting more out of coffee on-the-go

Focus on the efficiency of service

Justify the cost of fair

Offer different quality of coffee for different purposes

Consumers want a choice in coffee variety – CHAID Analysis

Figure 47: Coffee shops – CHAID – Tree output, August 2019

High spenders most interested in customisation

Figure 48: Attitudes towards coffee shops, by amount consumers are willing to spend on a small coffee, August 2019

What does a create-your-own coffee model look like?

Figure 49: An example of a create-your-own coffee drink concept, by Pasi3n del Cielo, Miami (USA),

### Coffee Shop Consumer Segmentation

Consumer tribes

Figure 50: Coffee shop attitudes – cluster analysis, August 2019

Typical characteristics of each group

Pro-premiumisation

Figure 51: Venues visited, by attitudes towards coffee shops - clusters, August 2019

Traditionalists

Figure 52: Amount consumers are willing to spend on a small coffee, by attitudes towards coffee shops - clusters, August 2019

Ethical warriors

Figure 53: Most popular types of functionality, by behaviours towards coffee shops - clusters, August 2019

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](https://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

## Coffee Shops - UK - November 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

### Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

CHAID methodology

Figure 54: Coffee shops – CHAID – Table output, August 2019

Cluster analysis group definitions

Innovation

Premiumisation

Cup solution

### Appendix – Market Size and Forecast

Forecast methodology

Figure 55: Best- and worst-case forecasts for UK coffee shops market, 2019-24

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](https://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)