

Coffee Shops - UK - 2022

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This report looks at the following areas:

- The impact of the rising cost of living on the coffee shops market, with a focus on consumers' decision-making process.
- The annual changes in consumers' coffee shop visiting and purchasing habits.
- Coffee drinkers' preferences when choosing which coffee to buy.
- Consumers' usage and perceptions of key brands including Costa Coffee, Caffè Nero, Starbucks, McDonald's McCafé and Pret a Manger.

33% of over-65s would prefer to see the price of drinks increase rather than a reduction in quality, portion size or opening hours if their favourite coffee shop had to make changes as a result of rising costs (vs 25% of total). This suggests that older coffee shop consumers are more likely to bear the cost of inflation and will therefore play a bigger role in holding up the UK coffee shops market in the short to mid-term.

Meanwhile, younger coffee shop consumers are more likely to respond well to coffee shops that take alternative measures to cope with rising costs, such as reducing opening hours (31% of 16-44 year olds vs 26% of total) and using lower-quality ingredients (11% of 16-34 year olds vs 6% of total). Therefore, a tiered pricing strategy that offers low-cost base items, such as a 99p filter coffee, will enable coffee shop operators to cater to cost-conscious consumers, while also keeping the door open for upselling.

Making healthy choices is trendier than ever, led by 16-34 year olds who are most likely to agree that drinking more than two cups of caffeinated coffee per day is unhealthy (47% vs 35% of total). This may result in reduced demand for caffeinated coffee and equally greater demand for decaffeinated drinks.

While 39% of coffee shop consumers agree that coffee shop subscriptions (ie unlimited drinks) are good value for money, more can be done to improve their value proposition. This includes an option for subscribers to gift one free hot



"Older consumers are most likely to prefer to see the price of drinks increase if their favourite coffee shop had to make changes as a result of rising costs, while younger coffee shop consumers are more likely to respond well to alternative measures, such as reducing opening hours and using lower-quality ingredients."

- **Trish Caddy, Senior Foodservice Analyst, November 2022**

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drink per week to a non-subscriber, which will open the door for participating brands to connect with new customers.

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