

Managing enterprise in the 21st century.

HE certificate, Skills for the workplace (Level 4)

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Introduction

The following assessment will describe a financial business plan for an artisan coffee shop in the heart of Shoreditch, London.

Executive summary (Written by Jana Lefevre - 1817736)

Company background

We are a team of young individuals from various cultures, we found that the red wire between all our cultures was the love for coffee and having a cup with a friend or acquaintance is a social aspect everywhere around the world. We all grew up in the age before social media took over everyone's lives, and it saddened us to see people physically grow apart. With all of the environmental and political tensions in the world, we wanted to create a space where everyone is welcome, regardless of race, gender or dietary preferences. That's why we've worked long and hard and spent nights budgeting to finally come up with the concept of "insert name of coffeeshop".

Mission statement

Firstly, we wanted to create a place that will connect people again. In the age of technology and social media, actual social and physical interaction between people seems to fade away. We want to bring that back in a relaxing and intimate environment. Our goal is to draw people inside by making artisanal brewed coffee that you can smell from miles away. Cause, who doesn't love a good cuppa and a chat with a friend? But not only the amazing coffee and accompanying sweets would be a reason to visit, we also have a beautiful roof terrace where you can gaze upon the sights of Shoreditch, whilst enjoying a freshly prepared shisha, finger-licking snacks and the funkiest cocktails. But remember. No phones allowed ! On top of this all, all our products are cruelty free, fair-trade and environmentally friendly. With plenty of vegan and gluten-free options available. All of this in a soothing, middle-eastern themed decor. We want to welcome employees from all ages, cultures and backgrounds as-well as give back to the world by donating 2% of every month's revenue to the preservation of the rainforest.

Market research

According to "Project Café UK 2019" which is the Allegra World Coffee Portal's annual study on the UK coffee shop market, there has been a continuous growth for the past 20 years, Allegra however only researched branded coffee shops such as Starbucks, Café Nero and Costa Coffee.

Since the Brexit referendum however, Allegra states the growth has slowed down from 7,1% in 2017 to a mere 5,8% in 2019, with 49% of business owners claiming the Brexit circus has had a negative impact on their business. Not only the uncertainty of what the economic future holds had an impact, but rising rent costs and higher licensing fees have destabilised a lot of the high street branded coffeeshops. However, location matters as Allegra concluded that a convenient location is vital for consumer footfall,

Even though Costa Coffee, Café Nero and Starbucks compromise 53% of the total UK branded coffeeshop market, Allegra concludes there is a new era of coffee consumption with UK consumers demanding higher expertise, professionalism and mission to strive for excellence, this 5th Wave is evident in the recent rise of artisan café-concepts, many of which have seen continuous growth

since their market breakthrough in the 2010s. This growing consumer appetite for artisan coffee can be found, not only in the UK, but internationally too, making this a worthwhile investment option.

Competition and barriers

In every high street there seems to be new coffeeshops rising out of thin air on the daily, with the entire UK industry being worth £9 billion and Allegra predicting this could grow to £15 billion by 2020, the question on our minds is, when will there be too many?

Takeaway coffee is being sold everywhere nowadays, hospitals, universities, fast-food restaurants, supermarkets, etc., and the market remains dominated by the large branded chains such as Costa and Starbucks,

However, the industry has become more diverse and the growing presence of speciality and novelty shops has caused the larger chain coffee shops to be falling behind in terms of consumer needs

Allison Brittain, the CEO of Whitbread PLC, which owns Costa, has set her hopes on a “5th wave of coffee” in the UK, as discussed earlier. This “new era” refers to consumers paying more attention to the quality, origin and of coffee as well as how it is brewed. Nowadays, the climate crisis has caused a shift in the way a large number of consumers make purchasing decisions. Factors such as ethical farming, fair-trade, cruelty free products as well as the Vegan/Vegetarian movement have had a major impact on sales within the big branded coffeshops. Some of these branded chains are trying to jump on the bandwagon and capture their share of this new era by opening affiliate stores using upscale brewing methods.

Starbucks for example has a “reserve” store around Covent Garden, where consumers can enjoy a range of coffees made using various brewing methods. However, Allegra’s market research has shown that these only reach a disappointingly small proportion of the consumers. Given that these branded chains seem to struggle to keep up with the trends, this is a real advantage for independents to gain footfall.

Many artisan coffee shops not only serve upscale speciality coffee, but also a fresh food menu, popular with many consumers, often catering to consumers with a range of dietary needs. Independents however do face their own struggles. Rising real estate, energy and labour costs help to explain the short life-spans of certain artisan establishments

But still, independents continue to increase their presence on the UK coffee market, when at the same time, large high street businesses are closing. Since 2016, 15,430 stores were closed across Britain’s high streets according to research by PwC and The Local Data Company.

In the words of Allegra's Senior Research Assistant, Jennifer Ferreira:

“Britain may not yet have reached peak coffee shop, if the predictions are correct there are many more yet to come, but it’s likely that we’ll start to see more coffee shops focusing on the consumer experience. They will try to stand out from the crowd, by providing a range of speciality coffees and brewing methods, putting ever more focus on food, and delivering a coffee shop environment that sets them apart from the cookie cutter décor provided by the chains as consumers know them today.”

The Target Market

Our aim would be to target a customer base of mainly university students, as research shows that the younger generation has a higher awareness of ethical farming and how the food and beverage industry has a major impact on climate change.

Target location would be near the London campus of The University of Liverpool in Shoreditch. Our mission is to create a space where students can meet up, work on assignments, relax from a day of long lectures and feel as if they are in a homely, cozy and welcome environment.

In order to create footfall we would have in-store printing services, free WIFI, student discounts, daily breakfast or lunch offers, and electricity plug sockets at every table. Upon opening of the store, we would send out brand ambassadors sampling our delicious range of coffees and treats to passerby's accompanied with customer loyalty cards. This would serve as the first point of information on our location and contact details, but also on the environmentally friendly mission and ethical sales goals. With this we do hope to build up a strong and loyal consumer base and gather customer referrals. But as we are in the age of technology, a monthly prize draw via our social media pages will provide customers with a 50% single use voucher, this way we can establish continued engagement with our customer base.

Future Goals

Establishing ourselves as an upscale coffeeshop, in a beautiful decor, with attention to the environmental impact our produce has, serving customers with a wide range of dietary needs. Advertising the fact that every cup sold helps plant another tree in the amazon. Giving our clients the confidence that by making their purchase they are also investing in a better world and future for everyone. Therefore we would need to make sure that we import from pure, reputable and high quality sourced beans and ingredients,

By the end of the year we would like to be a name known to many, and establish ourselves as a popular tourist spot. Employing and training a team of knowledgeable baristas and making sure that the passion for coffee is shared across the work-floor. The rooftop terrace can also be hired as a personal venue for birthday-parties or business meetings, hopefully attracting not only students but also a corporate audience. If successful, the second goal would be to expand into a delivery and catering business, delivering our delicious coffee and artisan snacks to office workers in the vicinity.

References

Allegra world coffee report: <https://www.worldcoffeeportal.com/>

Starting Capital (Written by Maria Stavrou – 1817745)

By opening a cafeteria, we are not only referring to the classic coffee you have in mind. We mean a concept store with a wide range of products ranging from coffee to dozens of other innovative products that the consumer will not be able to easily find at competitor's stores.

This way, you gain immediate advantage over the neighbouring stores as you have complete innovation in your products and of course the uniqueness that they will not find anywhere around!

The cost to open a cafeteria or similar store is calculated based on the square of space available and the equipment to be installed.

Wholesale, for a 25-30sqm take away shop full of innovative and profitable products (bubble tea 15 flavours, Wafflakia, Corn Dog - Mini Waffles, Soft ice, coffee, chocolate drinks in 11 flavours, crepes, pancakes, waffles savoury - sweet, fresh handmade ice cream without ice cream in 30 flavours etc.) is estimated at around 20-25,000£ excluding the component calculated based on the condition of the place.

If you don't want a lot of craftsmanship, the cost will be low - but if you need a complete refurbishment, then the cost will definitely increase.

As you can see, the capital for opening a cafeteria need not be particularly high. Just smart moves are enough to get an innovative and profitable catering outlet.

What does it take to open a cafeteria?

Opening a cafeteria is quite easy. The first and most important thing is to find the right place. The point counts over 70% on the final outcome of your shop!

It is better to choose a central store, on the "plate" as we say - and let the monthly rent be more expensive, rather than settling into an adjoining narrowly lower rent.

The difference will be multiple in favour of the focal point.

So to open a cafeteria, in addition to choosing the location, you will also need know-how.

Knowledge of setting up shop, plans, equipment you will need and of course choosing the right products

The service that a potential shopkeepers must visit to obtain a licence to send up and operate a health care shop are the following:

In the shopkeeper wants to hear music in his shop, the principles to be addressed are AEPI and then the municipality adequate space is veguired to ensure the manufacturing facility and at the custo mers residence.

It takes at least 50 days to complete the above tasks, and the cost of licensing starts from 371.10£ without calculating the fee for the civil engineer, whose scope varies without including the music license and additional bank license.

Cafeteria equipment definitely includes professional coffee and beverage appliances, such as filter coffee machines espresso machines, Greek coffee machine, water kettles and kettles.

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Espresso machines and filter coffee makers start at £300, but if you want high quality coffee you need to invest more, as depending on their pressure they can reach up to £4,000.

Greek coffee machines are much more economical with prices ranging between 150-300 £, just like frappiers. Depending on the volume of the boiling water, the kettles start at 100£ and can even reach 1000£.

Catering equipment also includes professional refrigerators, since all cafeterias even offer some light snacks whose ingredients in combination with vegetables and fruit juices must be maintained in high-efficiency and safe refrigerators. Refrigerated booths start at prices from 600 £ and reach 1,600 £ depending on their size, while in refrigerated benches prices range from 900 £- 2,500 £.