

Module Code:LCLM4006

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Individual Written Business Plan

3. OVERVIEW OF THE BUSINESS IDEA

After gaining knowledge of the importance of care in preparing coffee, and a sense of the type of welcoming environment that makes people happy to visit coffee shops after my time working at Kiss the Hippo, I have decided to build my own coffee shop based upon these elements. My dream coffee shop will provide customers with the ability to purchase ethically sourced specialty coffee in a relaxed and welcoming environment.

The cafe will specialize in providing espresso-based beverages and hand-brewed filter coffees along with seasonal offerings. The cafe will also sell pastries, light-brunch options and retail bags of freshly roasted coffee beans. In addition to beverages and baked goods, the cafe will host small workshops, tasting sessions and beginner coffee classes, which will generate an additional revenue stream and foster customer loyalty.

My targeted demographic includes young professionals, students, freelancers and residents. These demographics are constantly looking for places to work, meet friends, or simply to grab a cup of coffee and relax. Due to the increasing number of people working remotely, cafes have become increasingly popular as a space to connect socially and professionally.

As for the organizational structure, I plan to begin the business as a sole proprietorship due to its ease and reduced startup costs. When the business expands sufficiently, I could transition the business into a limited company for greater liability protection. For staffing, I will act as the founder/operations manager; I will be responsible for training, quality control and daily operations. I will also hire 2-3 part-time baristas to assist me in meeting the operational demands and supporting me during peak hours.

In general, the overall goal of the business is to create a fantastic experience for customers through serving great coffee, providing excellent customer service and creating a cozy atmosphere for customers to return to on a consistent basis.

4. PESTEL ANALYSIS

Political	The UK coffee industry is subject to various regulatory influences related to food safety, health and safety, and importing coffee beans. Political decisions related to trade agreements, tariffs, etc. can significantly influence the costs of coffee beans being imported. Although some coffee beans are being imported from African and South American countries, the effects of Brexit have increased the costs of some imports, thus affecting the cost of green coffee beans.
Economic	Every aspect of operating a coffee shop is influenced by the rising cost of living and inflation. Over the last few years, the cost of milk, coffee beans and pastries has risen substantially. The rental prices in London are very high and add further stress on the finances of small businesses. Despite the rising cost of living and inflation, coffee remains a relatively inexpensive luxury and the demand for quality coffee continues to remain strong even during economic downturns. This provides some stability for the business versus other types of businesses.
Social	The social trend supports the specialty coffee market. Consumers continue to show an increase in their concern for sustainability, fair-trade and quality. Many consumers prefer to visit independent coffee shops instead of chain stores, particularly younger generations. Social media has helped contribute to the growing popularity of specialty coffee and latte art, creating demand for visually pleasing coffee creations. Additionally, the growth of remote workers has led to an increase in demand for coffee shops that have comfortable seating areas and reliable Wi-Fi.

Technological	Technology plays a significant role in today's coffee shop. Quality espresso machines and grinders enable the business to produce consistent and efficient results. Digital payment systems, mobile ordering applications and loyalty programs enhance customer convenience. Social media is a primary tool for promoting and developing an online presence. Technology enables the business to manage inventory, monitor sales and identify trends.
Environmental	Customer expectations regarding environmental issues are becoming increasingly common. Many customers prefer coffee shops that utilize recyclable or biodegradable cups, minimize waste and partner with suppliers that adhere to sustainable practices. By utilizing eco-friendly packaging, minimizing energy consumption and purchasing sustainable-grown coffee beans, the business can appeal to environmentally conscious consumers and develop a reputation as a responsible business.
Legal	As a food service provider, the business must abide by all applicable UK food safety laws, achieve a minimum food hygiene rating and adhere to all applicable employment laws when hiring employees. Other required licenses or permits include public liability insurance, employers' liability insurance and the necessary licenses to serve food. If the cafe chooses to play music, it may require a music license. Complying with all relevant laws minimizes the risk of legal action and enhances customer confidence in the business.

5.MARKETING STRATEGY

Market Positioning

I will position my coffee shop as a premium yet accessible specialty coffee shop. The business will focus on high-quality beverages prepared with care, and a welcoming and relaxing atmosphere. I would like customers to feel comfortable whether they stop by quickly or stay for a few hours to work. Sustainability and ethically sourced products will

be key components of the business's identity and differentiate the shop from mainstream chains.

Target Customer Groups

The main target customer groups are young adults ages 18-40, consisting of students, freelancers, remote workers and professionals. These demographics value quality, aesthetically pleasing environments, reliable internet connections and comfortable working spaces. Another target demographic is coffee aficionados who seek out specialty coffee shops and appreciate new flavours and brewing techniques.

Marketing Mix (4 Ps)

Product

The product offering includes espresso-based beverages, hand-brewed filter coffee, seasonal beverages, pastries and small brunch options. Vegan and dairy-free options will be included to accommodate customers' varying dietary restrictions. The business will also offer retail bags of coffee beans and home brewing equipment for customers to prepare specialty coffee at home. The business will also host workshops and tasting sessions to promote brand loyalty and attract new customers.

Price

Prices will be competitive and reflect the quality of the ingredients and services provided. The average price for espresso-based beverages will be between £3.20-£3.80. Pastries and small brunch options will be priced between £4-£6. To encourage repeat customers and reward loyal customers, the business will implement a loyalty program using a physical card or mobile app.

Place

One of the most significant decisions for the business will be the selection of the optimal location. Ideally, the coffee shop will be located in an area with constant foot traffic, such as near offices, universities or densely populated neighbourhoods. The interior of the coffee shop will be designed to be modern, inviting and functional, incorporating comfortable seating, adequate lighting and convenient electrical outlets for customers to use for laptops or tablets to work or study.

Promotion

Promoting the business will be primarily dependent on social media, specifically Instagram and TikTok, since many customers find and engage with coffee shops on-line. Posting photos of the business's unique lattes, "behind the scenes" content, seasonal drinks, etc. can attract attention. Partnering with local influencers or university students can enhance exposure. Discount offers for opening week, discounted pricing for students and free tasting events can be effective ways to attract initial customers. Requesting customers leave reviews on Google Maps and Yelp will enhance the business's visibility in search results and enhance its reputation.

Competitive Analysis

The coffee shop will compete with other coffee shops including large chain stores such as Starbucks, Costa and Pret and smaller independent coffee shops. What sets the coffee shop apart from other competitors is its emphasis on sustainability, high-quality coffee beans, personalized customer service and its creation of a unique experience for customers through its baristas trained at Kiss the Hippo. The hosting of workshops and community events will allow the business to create a stronger bond with customers than large chain coffee shops.

6. FUNDING REQUIRED & STARTUP COSTS

The startup costs associated with launching a coffee shop are substantial. Based on the typical costs for a small to medium-sized coffee shop in London, the estimated funds required to launch the business is between £65,000-£95,000. This estimate includes the costs of equipment, rent, renovation and design of the store, stock and initial operational expenses.

Sources of Funding

To acquire the necessary funds to launch the business, I will utilize a combination of my personal savings and a UK government startup loan. Startup loans are suitable for small businesses and offer competitive interest rates, making them an ideal option for new entrepreneurs. If necessary, I will also explore potential support from family members and/or consider seeking assistance from an angel investor who specializes in the food and beverage industry. Each funding option will provide flexibility and will minimize the risk of financial loss.

Use of Funds

The funds will be utilized to fund:

Espresso Machine (£8,000-£10,000)

Coffee Grinders (£1,500-£2,000 each)

Store Renovations & Design (£10,000-£20,000)

Furniture & Seating (£5,000)

Rent and Deposit (£4,000-£7,000 based on location)

Licenses & Insurance (£500-£1,000)

Initial Stock (£2,000-£3,000) for coffee beans, milk, pastries and other supplies

Employee Wages (£4,000) for the first month

Marketing and Branding (£1,000)

Point of Sale System (£1,200)

First Month Operational Expenses

For the first month, the majority of the expenses will be related to restocking supplies, utility bills, employee wages and marketing efforts. A sufficient amount of working capital will be necessary to account for unforeseen expenses and to ensure the continued operation of the business while developing a loyal customer base.

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