

Allegra PROJECT CAFE 13

UK Retail Coffee Shop Market – Strategic Analysis, December 2013



Copyright: Allegra Strategies Limited, December 2013

All rights reserved. No part of this publication may be reproduced or stored in a retrieval system, in any form or by any means, electrical, mechanical, photocopying or otherwise without the prior consent of the publishers. The views and forecasts presented in this report represent independent findings and conclusions drawn from a study of the UK coffee shop market by Allegra Strategies. Main sources of information include published information, opinions and information shared by interviewees with Allegra Strategies during the period of study.

This report has been produced under significant time constraints to ensure that the information contained is as up-to-date as possible.

Great care has been taken to ensure that all information contained in this report is accurate, free from bias, and fully describes the latest developments in the UK coffee shop market, as of October – December 2013.

However, Allegra Strategies can accept no responsibility for any investment decision made on the basis of this information or for any omissions or inaccuracies that may be contained in this report.

This report has been produced in good faith and independently of any operator or supplier to the industry. We trust that it will be of significant value to all readers.

Allegra Strategies Limited
No 1 Northumberland Avenue, Trafalgar Square, London WC2N 5BW
Tel: +44(0)20 7691 8800
Fax: +44(0)20 7691 8810
Email: info@allegra.co.uk
Website: www.allegra.co.uk
Registered in England No: 3645920

TABLE OF CONTENTS

INTRODUCTION AND BACKGROUND	1
I.1 Introduction and Background	2
I.2 Key Terms and Definitions	3
Table I.2.1 – Key Terms Used Throughout Project Café13 UK	3
I.3 Primary Information Sources	4
Table I.2.2 – Primary Information Sources	4
SECTION 1 – EXECUTIVE SUMMARY	5
1.1 Headlines	6
1.2 Overview	7
1.3 Market Overview	8
1.4 Competitive Landscape	9
1.5 Customer Insight	10
1.6 Suppliers	11
1.7 Property Issues	12
1.8 Market Outlook	13
SECTION 2 – MARKET	15
2.1 Market Overview	17
2.1.1 Key Events	18
Table 2.1.1 – Key Events in UK Branded Coffee Chain History, 1995-2013	18
2.1.2 Section Summary	22
2.1.3 Market Size by Outlet Numbers	23
Figure 2.1.1 – Total Number of UK Coffee Shop Outlets, by Type, Aug 1999-Dec 2018F	23
2.1.4 Market Size by Outlet Numbers, Branded Chains	24
Figure 2.1.2 – Total Number of UK Branded Coffee Shop Outlets, by Segment, Aug 1999-Dec 2018F	24
2.1.5 Market Size by Outlet Numbers, London vs. Regions	25
Figure 2.1.3 – Unit Growth Projections - UK Coffee Chains, London vs. Regions, Dec 2000-Dec 2018F	25

TABLE OF CONTENTS

2.1.6 Market Size by Annual Turnover of Branded Chains	26
Figure 2.1.4 – Estimated Annual Turnover of UK Branded Coffee Chains, Dec 2001- Dec 2018F	26
2.1.7 Market Size by Annual Coffee Turnover of Branded Chains	27
Figure 2.1.5 – Estimated Annual Coffee Turnover of UK Branded Coffee Chains, 2001-2013E	27
2.1.8 Market Size by Weekly Cups of Espresso-Based Coffees	28
Figure 2.1.6 – Total Number of Cups of Espresso-Based Coffee Served in Branded UK Coffee Chains, 2000-2018F	28
2.1.9 Market Share of Branded Coffee-focused Chains	29
Table 2.1.2 – Market Share by Store Numbers and Turnover – Coffee-focused Chains, Dec 2013	29
2.1.10 Market Share of Branded Food-focused Chains	30
Table 2.1.3 – Market Share by Store Numbers – Food-Focused Chains, Dec 2013	30
2.1.11 Branded Chains Market Positioning Map	31
2.2 Impact of Economy	33
2.2.1 Current Trading Environment	34
Figure 2.2.1 – Current Trading Environment for Coffee Shops, 2009-2013	34
2.2.2 Recent Trading Performance	35
Figure 2.2.2 – Impact of Economic Conditions on Trading Performance, 2010-2013	35
2.2.3 Industry Perspectives on Current Trading Environment	36
2.2.4 Short-Term Trading Expectations	37
Figure 2.2.3 – Expectations for Trading Conditions, 2011-2013	37
2.2.5 Market Dynamics – Independent Influence	38
2.2.6 Market Dynamics - Importance of Quality Coffee	39
2.3 Pricing and Average Spend	41
2.3.1 Average Cappuccino Price in Coffee-Focused Chains	42
Figure 2.3.1 – Average Cappuccino Prices of Top 10 Coffee-Focused Chains, Mar 2002-Dec 2013	42
2.3.2 Average Cappuccino Price in Food-Focused Chains	43
Figure 2.3.2 – Average Cappuccino Prices of Top 5 Food-Focused Chains, Mar 2002-Dec 2013	43

TABLE OF CONTENTS

2.3.3 Average Basket Price	44
Figure 2.3.3 – Average Basket at Top 10 Coffee-Focused Chains, Mar 2002-Dec 2012	44
Figure 2.3.4 – Average Basket at Top 5 Food-Focused Chains, Dec 2000-Dec 2012	44
2.4 Financial Performance	45
2.4.1 Benchmarking Analysis of Selected Coffee-Focused Chains	46
Table 2.4.1 – Financial Analysis of Selected UK Coffee-Focused Chains, Published Accounts	46
2.4.2 Benchmarking Analysis of Selected Food-Focused Chains	47
Table 2.4.2 – Financial Analysis of Selected UK Food-Focused Chains, Published Accounts	47
2.4.3 Cost Structure	48
Figure 2.4.1 – Indicative Cost Structure for Coffee Operators, 2013	48
2.5 Consumer Trends	49
2.5.1 Most Important Consumer Trends	50
Table 2.5.1 – Most Important Consumer Trends Currently Affecting the Industry, 2012-2013	50
2.5.2 Industry Perspective on Consumer Trends	51
2.5.3 Consumer Spend	52
Figure 2.5.1 – Impact on Consumer Spend per Visit, 2009-2012	52
2.5.4 Consumer Value Expectations	53
Figure 2.5.2 – Consumer Value Expectations, 2009-2012	53
2.5.5 Industry Perspectives on Value Expectations	54
2.5.6 Consumer Visit Frequency	55
Figure 2.5.3 – Consumer Visit Frequency, 2012-2013	55
2.6 Key Success Factors	57
2.6.1 Most Important Success Factors for a Coffee Shop	58
Table 2.6.1 – Key Success Factors for Coffee Shop Operators, 2012-2013	58
2.6.2 Industry Perspectives	59

TABLE OF CONTENTS

2.7 Key Business Challenges	61
2.7.1 Main Industry Challenges for a Coffee Shop	62
Figure 2.7.1 – Main Industry Challenges Facing the Coffee Shop Market, 2012-2013	62
2.7.2 Critical Issues – High Rents	63
2.7.3 Critical Issues – Staff	64
2.8 Ethical Issues	65
2.8.1 Importance of Ethical Coffee to Consumers	66
Figure 2.8.1 – Importance of Ethical Coffee, 2009-2013	66
2.8.2 Certified Coffee – Fairtrade	67
Table 2.8.1 – Volume and Value Sales of UK Fairtrade Roasted Coffee, 2009-2012	67
2.8.3 Certified Coffee - Rainforest Alliance	68
Table 2.8.2 – Volume Sales of European Rainforest Alliance Coffee, 2009-2012	68
2.8.4 Impact of Sustainability Issues	69
Figure 2.8.2 – Impact of Sustainability Issues, 2009-2013	69
2.8.5 Sustainability Initiatives	71
Table 2.8.3 – Sustainability Initiatives Engaged in by Organisations, 2012-2013	71
2.8.6 Future Ethical Initiatives	72
Table 2.8.4 – Most Important Ethical Initiatives, 2012-2013	72
2.9 Market Outlook	73
2.9.1 Key Market Growth Drivers	74
Table 2.9.1 – Key Market Growth Drivers	74
2.9.2 Key Market Growth Inhibitors	75
Table 2.9.2 – Key Market Growth Inhibitors	75
2.9.3 Importance of Branded Chains	76
Figure 2.9.1 – Importance of Branded Chains, 2010-2013	76

TABLE OF CONTENTS

2.9.4 Prospects for Branded Chains	77
Figure 2.9.2 – Industry Leader Assessment of Long-Term Market Growth, 2010-2013	77
2.9.5 Potential Channels for Growth	78
Table 2.9.3 – Industry Leader Assessment of Potential Channels for Growth, 2013	78
2.9.6 Market Capacity for Branded Coffee Chains, 2012	78
Figure 2.9.3 – GB Market Capacity for Branded Coffee Shops, 2021F	79
2.9.7 Key Macro Trends	80
2.9.8 Future Coffee Industry Mega Trends	81
<hr/>	
SECTION 3 – MAJOR COFFEE OPERATORS	83
<hr/>	
3.1 Operator Comparisons	85
3.1.1 Coffee-Focused Segment	86
Figure 3.1.1 – Top 15 UK Coffee-Focused Chains, Number of Outlets by Operator, Dec 2013	86
Figure 3.1.2 – Top UK Coffee-Focused Chains, Estimated Annual Store Turnover by Operator, Calendar Year 2012-2013	87
Table 3.1.1 – Estimated Market Shares of Key Players in UK Coffee-Focused Segment, 2013	88
3.1.2 Food-Focused Segment	89
Figure 3.1.3 – Top UK Food-Focused Chains, Number of Outlets by Operator, Dec 2013	89
Figure 3.1.4 – Top UK Food-Focused Chains, Estimated Annual Turnover by Operator, 2013	90
Table 3.1.2 – Estimated Market Shares of Key Players in UK Food-Focused Segment, 2013	91
3.1.3 Pricing	92
Figure 3.1.5 – Prices for a 12 fl oz Cappuccino in UK Coffee-Focused Chains, 2011-2013	92
Figure 3.1.6 – Prices for a 12 fl oz Cappuccino in UK Food-Focused Chains, 2011-2013	93
Figure 3.1.7 – Cost of a Muffin in UK Coffee-Focused Chains, 2011-2013	94
Figure 3.1.8 – Cost of a Muffin in UK Food-Focused Chains, 2011-2013	95
Figure 3.1.9 – Estimated Basket Price - Comparison of Coffee-Focused Chains, Dec 2013	96
Figure 3.1.10 – Estimated Basket Price Across Major Food-Focused Chains, Dec 2013	97

TABLE OF CONTENTS

3.2 Coffee-Focused Operators	99
3.2.1 AMT Coffee	100
3.2.2 Boston Tea Party	106
3.2.3 Café2U	111
3.2.4 Café Thorntons	114
3.2.5 Caffè Fratelli	120
3.2.6 Caffè Nero	123
3.2.7 Caffè Ritazza	130
3.2.8 Coffee #1	136
3.2.9 Coffee Republic	140
3.2.10 Costa Coffee	146
3.2.11 Esquires	153
3.2.12 Harris+Hoole	159
3.2.13 Love Coffee	164
3.2.14 Puccino's	167
3.2.15 Soho Coffee Company	172
3.2.16 Starbucks Coffee Company	176
3.2.17 Other Notable Coffee-Focused Players	183
3.3 Food-Focused Operators	184
3.3.1 Apostrophe	185
3.3.2 Bagel Factory	190
3.3.3 BB's Coffee & Muffins	194
3.3.4 Benugo	200
3.3.5 Druckers	204
3.3.6 EAT	209
3.3.7 Greggs	215

TABLE OF CONTENTS

3.3.8 Le Pain Quotidien	221
3.3.9 Maison Blanc	225
3.3.10 Muffin Break	229
3.3.11 Pasty Presto	232
3.3.12 Patisserie Valerie	236
3.3.13 Paul	241
3.3.14 Philpotts	246
3.3.15 Pod	250
3.3.16 Pret A Manger	254
3.3.17 Pumpkin	261
3.3.18 West Cornwall Pasty Co.	264
<hr/>	
SECTION 4 – NON-SPECIALIST PLAYERS	267
<hr/>	
4.1 Section Summary	269
4.1.1 Section Summary	270
4.2 Market Segmentation	271
4.2.1 Market Segmentation	272
Figure 4.2.1 – Segmentation of Coffee Units within Non-Specialist Players, Dec 2008-Dec 2013	272
4.3 Retail and Department Stores	275
4.3.1 Breakdown of Catering Units	276
Table 4.3.1 – Breakdown of Department Store Catering Units, Dec 2013	276
4.3.2 Breakdown of Bookstore Coffee Shops	278
Table 4.3.2 Breakdown of Bookstore Coffee Shops, 2013	278
4.3.3 Breakdown of Other Retail Coffee Shops	279
Table 4.3.3 Breakdown of Other Retail Coffee Shops, Dec 2013	279
4.3.4 Department Store Cafés	280

TABLE OF CONTENTS

4.3.5 Pricing Overview	281
Figure 4.3.1 – Comparison of the Price of a Regular Cappuccino Across Department Store Cafés, Dec 2013	281
4.3.6 Consumer Insights	282
4.3.7 SWOT Analysis	283
4.4 Supermarkets	285
4.4.1 Breakdown of Supermarket Catering Units	286
Table 4.4.1 – Breakdown of Supermarket Catering Units, Dec 2013	286
4.4.2 Supermarket Cafés	287
4.4.3 Pricing Overview	288
Figure 4.4.1 – Comparison of the Price of a Regular Cappuccino Across Supermarket Cafés, Dec 2013	288
4.4.4 Consumer Insights	289
4.4.5 SWOT Analysis	290
4.5 Motorway and Forecourt Operators	291
4.5.1 Breakdown of Coffee Shops	292
Table 4.5.1 – Breakdown of Motorway & Forecourt Operator Coffee Shops, Dec 2013	292
4.5.2 Motorway & Forecourt Operators Coffee Shops	293
4.5.3 Pricing Overview	294
Figure 4.5.1 – Comparison of the Price of a Regular Cappuccino Across Pubs and Quick Service Restaurants Dec 2013	294
4.5.4 Consumer Insights	295
4.5.5 SWOT Analysis	296
4.6 Pubs	297
4.6.1 Breakdown of Pub Coffee Offers	298
Table 4.6.1 – Breakdown of Pub Coffee Offers, Dec 2013	298
4.6.2 Pub Coffee Offers	299
4.6.3 Consumer Insights	300
4.6.4 SWOT Analysis	301

TABLE OF CONTENTS

4.7 Quick Service Restaurants	303
4.7.1 Breakdown of Coffee Shops	304
Table 4.7.1 – Breakdown of Quick Service Restaurant Coffee Offers, Dec 2013	304
4.7.2 Consumer Insights	205
4.7.3 SWOT Analysis	306
4.8 Gourmet Vending	307
4.8.1 Breakdown of Gourmet Vending	309
Table 4.8.1 – Breakdown of Gourmet Vending, Dec 2012	309
4.8.2 Consumer Insights	310
4.8.3 SWOT Analysis	311
<hr/>	
SECTION 5 – Consumer Research	313
<hr/>	
5.1 Section Summary	315
5.1.1 Primary Information Source	316
5.1.2 Summary	317
5.2 Patterns of Visits	319
5.2.1 Purpose for Visiting Coffee Shops	320
Figure 5.2.1 – Usage of Coffee Shops, 2013	320
Figure 5.2.2 – Usage of Coffee Shops - Analysis by Gender	321
Table 5.2.1 – Usage of Coffee Shops - Analysis by Age	322
5.2.2 Reason for Choice of Coffee Shop	323
Figure 5.2.3 – Reason for Choice of Coffee Shop, 2002-2013	323
Figure 5.2.4 – Reason for Choice of Coffee Shop, 2011-2013	324
Figure 5.2.5 – Reason for Choice of Coffee Shop, Analysis by Frequency of Visit	325
5.2.3 Brand Loyalty	326
Figure 5.2.6 – Brand Loyalty vs. Convenience, 2008-2012	326
Figure 5.2.7 – Brand Loyalty vs. Convenience, Analysis by Frequency	327

TABLE OF CONTENTS

5.2.4 Loyalty to Coffee Shops	328
Figure 5.2.8 – Coffee Shop Loyalty, 2009-2013	328
Figure 5.2.9 – Coffee Shop Loyalty, 2003-2013	329
Figure 5.2.10 – Coffee Shop Loyalty, Analysis by Coffee Drinker	330
Figure 5.2.11 – Coffee Shop Loyalty, Analysis by Food Buyer	330
5.2.5 Location	331
Table 5.2.2 – Establishments Consumers Visit to Drink Coffee	331
Figure 5.2.12 – Convenience of Location	332
5.2.6 Frequency of Visits	333
Figure 5.2.13 – Frequency of Visits, 2010-2013	333
Figure 5.2.14 – Frequency of Visits – Analysis by Gender	334
Figure 5.2.15 – Frequency of Visits – Analysis by Location	335
Figure 5.2.16 – Frequency of Visits – Analysis by Coffee Drinkers	336
5.2.7 Day-Part	337
Figure 5.2.17 – Day-Part, 2011-2013	337
Figure 5.2.18 – Day-Part – Analysis by Gender	338
Table 5.2.3 – Day-Part – Analysis by Age	339
5.2.8 Changing Frequency	340
Figure 5.2.19 – Changing Frequency of Visits, 2009-2013	340
Figure 5.2.20 – Future Changing Frequency of Visits, 2013	340
5.2.9 Changing Frequency consumer Insights	341
5.2.10 Impact of the Economic Climate on Frequency of Visits	343
Figure 5.2.21 – Changing Frequency in Light of Economic Climate, 2008-2013	343
Figure 5.2.22 – Changing Frequency of Visits – Analysis by Age	344
5.2.11 Dwell Time	345
Figure 5.2.23 – Dwell Time, 2009-2013	345

TABLE OF CONTENTS

Figure 5.2.24 – Dwell Time – Analysis by Gender	346
Figure 5.2.25 – Dwell Time – Analysis by Age	346
Figure 5.2.26 – Dwell Time – Analysis by Frequency of Visits	347
5.2.12 Day of the Week	348
Figure 5.2.27 – Day of the Week	348
Figure 5.2.28 – Day of the Week – Analysis by Gender	349
Figure 5.2.29 – Day of the Week – Analysis by Age	350
5.2.13 Consumer Need States	351
Figure 5.2.30 – Need States	351
Figure 5.2.31– Need States by Category	352
5.3 Patterns of Consumption	353
5.3.1 Coffee Consumption	355
5.3.1.1 Beverage Consumed in the UK	356
Figure 5.3.1.1 – Non-Alcoholic Beverages Consumed, 2012-2013	356
5.3.1.2 Consumption Frequency of the Top 4 Beverages	357
Figure 5.3.1.2 – Consumption of Beverages	357
5.3.1.3 General Coffee Consumption Day-part	358
Figure 5.3.1.3 – General Coffee Consumption Day-Part, 2012-2013	358
5.3.1.4 Types of Beverages Consumed in Coffee Shops	359
Figure 5.3.1.4 – Types of Beverages Consumed	359
Figure 5.3.1.5 – Types of Beverages Consumed, 2000-2013	360
Figure 5.3.1.6 – Types of Beverages Consumed, Coffee-Based vs. Non-Coffee Drinks, 2009-2013	361
Figure 5.3.1.7 – Types of Beverages Consumed – Analysis by Age	362
Figure 5.3.1.8 – Types of Beverages Consumed – Analysis by Gender	363
5.3.1.5 Beverage Consumed on Last Visit	364
Table 5.3.1.1 – Types of Beverages Consumed on Last Visit, 2102-2013	364

TABLE OF CONTENTS

5.3.1.6 Coffee Consumed in Coffee Shops	365
Figure 5.3.1.9 – Consumption of Coffee	365
Table 5.3.1.2 – Coffee Consumption, Consumer Profile	366
5.3.1.7 Adventurous Behaviour	371
Figure 5.3.1.10 – Willingness to Try New Products, 2010-2013	371
Figure 5.3.1.11 – Willingness to Try New Products – Analysis by Gender	372
Figure 5.3.1.12 – Willingness to Try New Products – Analysis by Age	372
5.3.1.8 Customisation	373
Figure 5.3.1.13 – Customisation, 2012-2013	373
Figure 5.3.1.14 – Customisation – Analysis by Gender	374
Table 5.3.1.3 – Customisation – Analysis by Age	375
5.3.1.9 Cup Size	376
Figure 5.3.1.15 – Cup Size, 2011-2013	376
Figure 5.3.1.16 – Cup Size – Analysis by Gender	377
Table 5.3.1.4– Cup Size – Analysis by Age	378
5.3.1.10 Take-Away Coffee Consumption	379
Figure 5.3.1.17 – Take-Away Coffee Consumption Frequency, 2013	379
Figure 5.3.1.18 – Take-Away Coffee Consumption Frequency - Analysis by Age	380
5.3.1.11 Changing Take-Away Coffee Consumption	381
Figure 5.3.1.19 – Take-Away Coffee Consumption, 2009-2012	381
Figure 5.3.1.20 – Take-Away Coffee Consumption - Analysis by Age	382
5.3.1.12 Take-Away Tea Consumption	383
Figure 5.3.1.21 – Take-Away Tea Consumption Frequency, 2013	383
5.3.1.13 Factors Influencing Great Coffee	384
Table 5.3.1.5 – Top 15 Factors That Make Great Coffee, 2012-2013	384

TABLE OF CONTENTS

5.3.1.14 Importance of Coffee Brand	385
Figure 5.3.1.22 – Importance of Coffee Brand	385
Figure 5.3.1.23 – Importance of Coffee Brand, 2012-2013	386
5.3.1.15 Importance of Ethical Coffee	387
Figure 5.3.1.24 – Importance of Ethical Coffee, 2008-2013	387
Figure 5.3.1.25 – Importance of Ethical Coffee, Analysis by Gender	388
Figure 5.3.1.26 – Importance of Ethical Coffee, Analysis by Age	388
5.3.1.16 Importance of Ethical Certification	389
Table 5.3.1.6 Most Important Ethical Certification, 2012-2013	389
Table 5.3.1.7 Most Ethical Coffee Shop Brand	391
5.3.2 Food Consumption	393
5.3.2.1 Frequency of Food Purchasing	394
Figure 5.3.2.1 – Frequency of Food Purchases, 2008-2012	394
Figure 5.3.2.2 – Frequency of Food Purchases - Analysis by Gender	395
Figure 5.3.2.3 – Frequency of Food Purchases - Analysis by Age	395
Figure 5.3.2.4 – Changing Frequency of Food Purchases, 2011-2013	396
5.3.2.2 Reasons for Rarely/Never Purchasing Food	397
5.3.2.3 Types of Food Purchased	398
Table 5.3.2.1 – Top 15 Types of Food Purchased, 2012-2013	398
Figure 5.3.2.5 – Top 5 Types of Food Purchased, 2009-2013	398
Figure 5.3.2.6 – Types of Food Purchased - Analysis by Frequency of Visit	399
Table 5.3.2.2 – Type of Food Purchased on Last Visit	400
5.3.2.4 Satisfaction Levels	401
Figure 5.3.2.7 – Quality Satisfaction, 2009-2013	401
5.3.2.5 Willingness to Pay More for Quality Food	402
Figure 5.3.2.8 – Willingness to Pay More for Quality Food, 2009-2013	402

TABLE OF CONTENTS

5.3.3 Healthy Eating	403
5.3.3.1 Attitudes Towards Healthier Food	404
Figure 5.3.3.1 – Attitudes Towards Healthier Food, 2009-2013	404
Figure 5.3.3.2 – Attitudes Towards Healthy Food, Analysis by Gender	405
Figure 5.3.3.3 – Attitudes Towards Healthy Food, Analysis by Age	405
5.4 Spending Behaviour	407
5.4.1 Average Spend	408
Figure 5.4.1 – Average Spend – Analysis by Frequency	408
Figure 5.4.2 – Average Spend – Analysis by Day of Week	409
Figure 5.4.3 – Average Spend – Analysis by Day-Part	410
Figure 5.4.4 – Average Spend – Analysis by Dwell Time	411
Figure 5.4.5 – Average Spend – Analysis by Main Purpose of Visit	412
Figure 5.4.6 – Average Spend – Analysis by Main Reason to Visit	413
Figure 5.4.7 – Average Spend – Analysis by Age	414
Figure 5.4.8 – Average Spend – Analysis by Purchase	415
Figure 5.4.9 – Average Spend – Analysis by Cup Size	415
5.4.2 Trading Down Behaviour	416
Figure 5.4.10 – Trading Down Beverage Size	416
Figure 5.4.11 – Trading Down Beverage Purchases	416
Figure 5.4.12 – Trading Down Venue	417
Figure 5.4.13 – Trading Down Frequency	417
Figure 5.4.14 – Trading Down Coffee Take-Away	418
Figure 5.4.15 – Trading Down Food Take-Away	418
5.4.3 Changing Spend Behaviour	419
5.4.3 Coffee Price Sensitivity	421
Figure 5.4.16 – Price Sensitivity, 2000-2013	421

TABLE OF CONTENTS

5.4.5 Food Price Sensitivity	424
Figure 5.4.17 – Price Sensitivity, Food Purchasing, 2004-2013	424
5.5 Perceptions of Coffee Shop Brands	427
5.5.1 Prompted Brand Awareness	428
Figure 5.5.1 – National Brand Awareness of Coffee Chains	428
Figure 5.5.2 – National Brand Awareness of Coffee Chains – Regional Analysis	429
5.5.2 Brand Awareness	430
Figure 5.5.3 – Average Number of Major Brands Recognised by UK Coffee Shop Visitors, 1999-2013	430
Figure 5.5.4 – Brand Awareness of Top 4 Specialist Coffee Chains, 2008-2013	431
5.5.3 Favourite Coffee Shop	432
Figure 5.5.5 Favourite Coffee Shop	432
5.5.4 Favourite Coffee Shop Regionally	433
Table 5.5.1 – Top 3 Favourite Coffee Shop – Regional Analysis	433
5.5.5 Favourite Coffee Shop – Analysis by Demographic	434
Table 5.5.2 – Favourite Coffee Shop – Analysis by Demographic	434
5.5.6 Favourite Coffee Shop – Costa Coffee	435
5.5.7 Favourite Coffee Shop – Starbucks	436
5.5.8 Favourite Coffee Shop – Caffè Nero	437
5.5.9 Favourite Coffee Shop – Pret A Manger	438
5.5.10 Least Favourite Coffee	439
Figure 5.5.6 Least Favourite Coffee Shop	439
5.5.11 Least Favourite Coffee Shop – Starbucks	440
5.5.12 Least Favourite Coffee Shop – McDonald’s	441
5.5.13 Least Favourite Coffee Shop – Costa Coffee	442
5.5.14 Least Favourite Coffee Shop – Caffè Nero	443

TABLE OF CONTENTS

5.5.15 Rankings	444
Table 5.5.3 – Category Rankings by Key Success Factors – Neutral Sample	444
Table 5.5.4 – Top 10 Rated Coffee Shops by Key Success Factors – Neutral Sample	445
5.6 Coffee At-Home	447
5.6.1 General Purchasing Habits	448
Figure 5.6.1 – Coffee Type Purchased to Make At Home	448
5.6.2 General Coffee Drinking Habits, 2010-2013	449
Figure 5.6.2 – Coffee Beverages Made At Home	449
5.6.3 Coffee Shop Influences	450
Figure 5.6.3 – Reducing Instant Coffee Consumption, 2011-2013	450
Figure 5.6.4 – Coffee Shop Influences, 2011-2013	450
5.6.4 Brand Loyalty vs. Price	451
Figure 5.6.5 – At Home Brand Loyalty	451
Figure 5.6.6 – Purchasing Coffee on Special Offer	451
5.6.5 Country of Origin	452
Figure 5.6.7 – Country of Origin, 2010-2013	452
5.6.6 Fairtrade	453
Figure 5.6.8 – Fairtrade Coffee	453
5.7 Research Summary Table	455
5.7.1 Research Summary Table	456
Table 5.7.1 Research Summary table	456
<hr/>	
SECTION 6 – KEY SUPPLIERS	469
<hr/>	
6.1 Section Summary	471
6.1.1 Section Summary	472
6.2 Coffee Roasters and Suppliers	473

TABLE OF CONTENTS

6.2.1 Major UK Coffee Suppliers	474
Table 6.2.1 – Major UK Coffee Suppliers, Dec 2013	474
6.2.2 Key Trends	479
Table 6.2.2 – Key Trends for Coffee Roasters and Suppliers, 2013	479
6.2.3 Key Opportunities and Industry Challenges	480
Table 6.2.3 – Key Opportunities for Coffee Roasters and Suppliers, 2013	480
Table 6.2.4 – Key Challenges for Coffee Roasters and Suppliers, 2013	480
6.2.4 Ethical Certification	481
Figure 6.2.1 – Ethical Coffee Consumer Insights	482
Figure 6.2.2 – Ethical Certification Consumer Insights	482
6.3 Coffee Equipment Suppliers	485
6.3.1 Major UK Coffee Machine Suppliers	486
Table 6.3.1 Major UK Coffee Machine Suppliers, Dec 2013	486
6.3.2 Major UK Coffee Machine Distributors	489
Table 6.3.2 Major UK Coffee Machine Distributors, Dec 2013	489
6.3.3 Key Supplier Profiles	490
6.3.4 Key Success Factors	500
Table 6.3.3 Key Success Factors for Equipment Suppliers, 2012-2013	500
6.3.5 Key Opportunities and Challenges	501
Table 6.3.4 – Key Opportunities for Equipment Suppliers	501
Table 6.3.5 – Future Challenges for Equipment Suppliers	501
6.3.6 At-Home Coffee Pod Equipment Market	503
Table 6.3.6 – At-Home Pod Market Size and Demographics, 2013	503
6.3.7 At-Home Coffee Consumption	504
Figure 6.3.1 – At-Home Coffee Consumption, 2013	504

TABLE OF CONTENTS

6.3.10 At-Home Pod Equipment Branded Coffee Shop Offer	505
Table 6.3.7 – Starbucks and Costa At-Home Pod Solution, 2013	505
6.4 Cup and Packaging Suppliers	507
6.4.1 Key Cup and Packaging Suppliers	508
Table 6.4.1 Major UK Cup and Packaging Suppliers, Dec 2013	508
6.4.2 Key Trends	509
Table 6.4.2 Key Trends for Cups and Packaging Suppliers, 2012-2013	509
Figure 6.4.1 Recyclable Product Growth, 2012-2013	509
6.4.3 Key Opportunities and Challenges	510
Table 6.4.3 Key Opportunities for Cups and Packaging Suppliers, 2012-2013	510
Table 6.4.4 Key Challenges for Cups and Packaging Suppliers, 2012-2013	510
6.4.4 Fastest Growing Product	511
Figure 6.4.2 Fastest Growing Product, 2012-2013	511
Figure 6.4.3 Consumer Choice of Cup Size, 2012-2013	511
6.5 Syrup Suppliers	513
6.5.1 Key Syrup Suppliers	514
Table 6.5.1 Major Syrup Suppliers, Dec 2013	514
6.5.2 Key Trends	515
Table 6.5.2 Key Trends for Syrup Suppliers, 2012-2013	515
6.5.3 Key Opportunities	516
Table 6.5.3 – Key Opportunities for Syrup Suppliers	516
6.5.4 Key Challenges	517
Table 6.5.4 – Key Challenges for Syrup Suppliers	517
6.6 Food Suppliers	519
6.6.1 Key Food Suppliers	520
Table 6.6.1 Key Food Suppliers, Dec 2013	520

TABLE OF CONTENTS

6.6.2 Key Success Factors	523
Table 6.6.2 Key Success Factors for Food Suppliers, 2012-2013	523
6.6.3 Key Trends	524
Table 6.6.3 Key Trends for Food Suppliers, 2012-2013	524
6.6.4 Key Opportunities and Challenges	525
Table 6.6.4 Key Opportunities for Food Suppliers, 2012-2013	525
Table 6.6.5 Key Challenges for Food Suppliers, 2012-2013	525
6.6.5 Fastest Growing Product	527
Figure 6.6.1 Fastest Growing Products for Food Suppliers, 2012-2013	527
6.6.6 Consumer Food Purchasing Habits	528
Figure 6.6.2 Top 15 Consumer Food Purchases in Coffee Shops, 2012-2013	528
6.7 Milk and Other Beverage Suppliers	529
6.7.1 Key Milk and Other Beverage Suppliers	530
Table 6.7.1 Major Milk and Other Beverage Suppliers, Dec 2013	530
6.7.2 Key Trends	531
Table 6.7.2 Key Trends for Other Beverage Suppliers, 2012-2013	531
6.7.3 Key Opportunities and Challenges	532
Table 6.7.3 Key Opportunities for Milk and Other Beverage Suppliers, 2012-2013	532
Table 6.7.4 Key Challenges for Milk and Other Beverage Suppliers, 2012-2013	532
6.7.4 Consumer Beverage Purchasing Habits	534
Figure 6.7.1 Top 15 Consumer Beverage Purchases in Coffee Shops, 2012-2013	534
SECTION 7 – PROPERTY	535
7.1 Section Summary	537
7.1.1 Property issues	538
7.2 Site Availability	539
7.2.1 Current Availability	540

TABLE OF CONTENTS

Figure 7.2.1 Current Site Availability in the UK, 2009-2013	540
7.2.2 High Street Vitality	541
Figure 7.2.2 High Street Vitality, 2012-2013	541
Figure 7.2.3 Foodservice Contribution to Long-Term Future of High Streets, 2012-2013	541
7.2.3 Local Identity	542
Figure 7.2.4 High Street Cloning, 2012-2013	542
Figure 7.2.5 Importance of Store Refurbishment, 2012-2013	542
7.3 Rental Trends	543
7.3.1 Rental Changes	544
Figure 7.3.1 Rental Changes in the Last 6 Months – Industry Views, 2009-2013	544
7.3.2 Outlooks for Rents	545
Figure 7.3.2 Outlooks for Rents, 2009-2013	545
7.3.3 Rental Statistics by Region	546
Table 7.3.1 Key Rental Statistics by Region, 2012-2013	546
7.3.4 Top Performing Rental Locations	547
Table 7.3.2 Zone A Rental Values for Top Performing Primary Shopping Locations, 2012-2013	547
7.3.5 Bottom Performing Rental Locations	548
Table 7.3.3 Zone A Rental Values for Bottom Performing Primary Shopping Locations, 2012-2013	548
7.4 Planning Issues	549
7.4.1 Challenges to Property Acquisition	550
Table 7.4.1 Challenges to Property Acquisition, 2012-2013	550
7.4.2 A1/A3 Definitions	551
Table 7.4.2 A1/A3 Definitions	551
7.4.3 Licensing and Permit Requirements	552
Table 7.4.3 Licensing and Permit Requirements	552

TABLE OF CONTENTS

7.5 Retail and Shopping Centres	553
7.5.1 Shopping Centre Landscape Summary	554
7.5.2 Top 20 UK Shopping Centres	555
Table 7.5.1 Top 20 UK Shopping Centres, 2013	555
7.5.3 UK Shopping Centre Development Pipeline Square Footage	557
Table 7.5.2 UK Shopping Centre Development Pipeline Sq Ft	557
7.5.4 Planned UK Shopping Centres	558
Table 7.5.3 Planned UK Shopping Centres, 2014-2018	558
7.5.5 UK Retail Park Development Pipeline Square Footage	559
Table 7.5.4 UK Retail Park Development Pipeline, Sq Ft	559
7.5.6 Top UK Retail Parks	560
Table 7.5.5 Top UK Retail Parks, 2013	560
7.5.7 Top UK Factory Outlets	561
Table 7.5.6 Top 5 UK Factory Outlets, 2013	561
7.6 Transport Hubs	563
7.6.1 Annual Visitor Traffic	564
Table 7.6.1 Network Rail Annual Visitor Traffic, 2013	564
7.6.2 Train Station Coffee and Food Operators – London	565
Table 7.6.2 Train Station Coffee and Food Operators – London	565
7.6.3 Train Station Coffee and Food Operators – Outside London	567
Table 7.6.3 Train Station Coffee and Food Operators – Outside London	567
7.6.4 Airport Footfall and Coffee Operators	568
Table 7.6.4 Leading UK Airports by Passenger Traffic and Coffee Operators, 2013	568

TABLE OF CONTENTS

APPENDIX 1	569
A1 – Company Financial Reports – AMT Coffee Ltd	570
A2 – Company Financial Reports – Caffè Nero Group Limited	571
A3 – Company Financial Reports – Coffee Republic Trading Ltd	572
A4 – Company Financial Reports –Costa Coffee Ltd	573
A5 – Company Financial Reports – Douwe Egberts Ltd	574
A6 – Company Financial Reports – EAT. Ltd	575
A7 – Company Financial Reports – Greggs	576
A8 – Company Financial Reports – Lavazza Coffee (UK) Ltd	577
A9 – Company Financial Reports – Le Pain Quotidien Ltd	578
A10 – Company Financial Reports – Maison Blanc Ltd	579
A11– Company Financial Reports – Nespresso UK Ltd	580
A12 – Company Financial Reports – Patisserie Holdings Ltd	581
A13 – Company Financial Reports – Paul UK Limited	582
A14 Company Financial Reports – Pod Food Ltd	583
A15 – Company Financial Reports – Pret A Manger Ltd	584
A16 – Company Financial Reports – Puccino’s Worldwide Ltd	585
A17 – Company Financial Reports – Starbucks Coffee Company Ltd	586