

Learn about trends in the Coffee Shop business and where to find more info about how to open your own Coffee Shop business. Don't forget you can receive free or low-cost training and **free professional business advice**, from [your local Small Business Development Center!](#)

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## Coffee Shop Business Overview & Trends, 2016

**NAICS Code: 722515, SIC Code: 5812**

This [Coffee Shop industry summary is from First Research](#) which also sells a full version of this report.

Companies in this industry sell coffee drinks and other food and beverages for consumption on the premises or for takeout. Major companies include International Coffee & Tea (The Coffee Bean & Tea Leaf), Peet's Coffee & Tea, and Starbucks (all based in the US), as well as Costa (part of hospitality firm Whitbread) and Caffè Nero (both based in the UK).

The biggest US **coffee chains** operate stores abroad, primarily through licensing agreements. Starbucks plans to continue its international expansion strategy, with the goal of generating half its total revenue outside the US. The company owns and licenses about 9,000 locations outside the US.

The US coffee shop industry includes more than 22,000 stores with combined annual revenue of about \$12 billion. Coffee shops are part of the **specialty eatery** industry, which also includes outlets specializing in products such as

bagels, donuts, frozen yogurt, and ice cream.

## **COMPETITIVE LANDSCAPE**

Consumer taste and personal income drive demand. The profitability of individual companies depends on the ability to secure prime locations, drive store traffic, and deliver high-quality products. Large companies have advantages in purchasing, finance, and marketing. Small companies can compete effectively by offering specialized products, serving a local market, or providing superior customer service. The US industry is concentrated: the top 20 companies generate more than 70 percent of sales.

This [Coffee Shop business market research report summary is from IBISWorld](#) which also sells a full version of this report.

- Continued increases in consumer confidence and disposable income have had a positive impact on the Coffee Shops industry in recent years. As disposable income increases, consumers are more willing to spend money at coffee shops. Combined with expanding menus, the industry is well positioned for growth. By 2021, the industry is expected to reach \$46.2 billion.
- With such growth, the industry will continue to experience intense competition driven by pricing, new product introductions and expansion in to healthier alternatives for consumers. Industry heavyweights such as Starbucks and Dunkin' Donuts will remain formidable competitors for independent establishments, both nationally and abroad.
- Primary markets for Coffee Shop businesses are largely segmented by household income, age and geography. Average consumers spend approximately 5.2% of their annual household expenditures on food and beverages away from home. Unsurprisingly, consumers in the United State's highest income quintile generate 37.8% of the industry's annual revenue.

## **Coffee Shop Business Startup Costs**

[Coffee Shop Business Startup Costs from \*The Start Your Own Business Bible\* \(F+W Media and Adams Media\)](#):

- Total Startup costs: \$20,000 - \$40,000
- Potential Earnings: \$25,000 - \$40,000

### [Coffee Kiosk Business Startup Costs from Entrepreneur Magazine:](#)

- Total Startup costs: \$10,000 - \$50,000
- Franchises available? Yes

### [Coffee Service Business Startup Costs from Entrepreneur Magazine:](#)

- Total Startup costs: \$10,000 - \$50,000
- Home based: Can be operated from home
- Franchises available? Yes

## **Coffee Shop Business Plans**

- [Coffee Shop Business Plan](#)
- [Coffeehouse Business Plan](#)
- [Coffee Shop Business Plan](#)
- [Coffee Shop Business Plan](#)

## **Coffee Shop Business Media Outlets**

- [Fresh Cup Magazine](#)
- [Roast Magazine](#)
- [The American Barista & Coffee School](#)
- [Beverage Industry](#)
- [Bon Appetit](#)

## **Coffee Shop Business Associations**

Trade associations often are excellent sources of information on an industry. Here are some relevant industry associations:

- [National Coffee Association](#)
- [Specialty Coffee Association of America](#)
- [Roasters Guild](#)
- [Green Coffee Association](#)
- [International Coffee Organization](#)
- [Organic Trade Association](#)

## Coffee Shop Business Employment Trends

Here is the [Coffee Shop Business labor market summary from the Bureau of Labor Statistics](#).

### Pay

The median hourly wage for food and beverage serving and related workers was \$8.92 in May 2014. The median wage is the wage at which half the workers in an occupation earned more than that amount and half earned less. The lowest 10 percent earned less than \$7.87, and the highest 10 percent earned more than \$11.89.

### Work Environment

Food and beverage serving and related workers held about 4.7 million jobs in 2014. About 73 percent worked in restaurants, including full-service and fast-food restaurants in 2014. 376,400 workers held jobs in coffee shops and lounges.

Food and beverage serving and related workers are on their feet most of the time and often carry heavy trays of food, dishes, and glassware. During busy dining periods, they are under pressure to serve customers quickly and efficiently.

Food preparation and serving areas in restaurants often have potential safety hazards, such as hot ovens and slippery floors. As a result, counter attendants, food servers, dining room and cafeteria attendants, and bartender helpers have a higher rate of injuries and illnesses than the national average. Common hazards include slips, cuts, and burns, but the injuries are seldom serious. To reduce these risks, workers often wear gloves, aprons, or nonslip shoes.

Many food and beverage serving and related workers were employed part time in 2014. For example, about 1 in 2 combined food preparation and serving workers, including fast food, the largest occupation in this profile, worked part time in 2014. Because food service and drinking establishments typically have extended dining hours, early morning, late evening, weekend, and holidays work is common.

In addition, business hours in restaurants allow for flexible schedules that appeal

to many teenagers, who can gain work experience. Compared with all other occupations, a much larger proportion of food and beverage serving and related workers were 16 to 19 years old in 2014.

### **Job Outlook**

Overall employment of food and beverage serving and related workers is projected to grow 10 percent from 2014 to 2024, faster than the average for all occupations.

Job opportunities for food and beverage serving and related workers will be excellent because many workers leave the occupation each year, resulting in a large number of job openings.

### **Sources**

For the full text of any content in this Small Business Market Research Report from SBDCNet, the link has been provided for the report publisher, while a database article can be obtained from the local public or academic library or purchased from a [document delivery service](#) for a nominal fee.

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