

Learn more about the **Coffee Shop industry**, 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

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, and Starbucks (all based in the US), as well as Costa Coffee and Caffè Nero (both based in the UK).

The biggest US coffee chains operate stores abroad, primarily through licensing agreements. Starbucks owns and licenses about 30,000 locations in about 78 global markets. The world's largest coffee consumers include the US, Brazil, Germany, and Japan.

The US coffee shop industry includes more than 35,500 stores with combined annual sales of about \$45 billion, according to Allegra World Coffee Portal. 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.

Coffee shops compete with businesses such as convenience stores, gas stations, quick-

service and fast-food restaurants, gourmet food shops, and donut shops. The US industry is concentrated: the eight largest companies account for about 70% of revenue.”

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

Functional Additives

Studies have shown the positive health impacts of coffee consumption, including reduced risk of diabetes, liver cirrhosis and even depression. Many products such as MCT oil, cannabis, vitamins, nootropics or other functional added ingredients are being launched to increase coffee’s health positioning.

Cold Brew Boom

With customary coffee declining, cold brew and ready to drink (RTD) coffees are becoming more popular. They are becoming more prominent in foodservice and at home with nitro gaining traction, and in many occasions, RTD coffee is replacing soft drinks and energy drinks.

Drive Through and Delivery

Starbucks focuses on accessibility by launching drive-through-only locations as well as adding drive-throughs to existing locations. Locations with drive-throughs have proved more profitable. Also, they have signed an exclusive deal with UberEats to begin nationwide deliver.

[Trends & Reports from National Coffee Association](#)

Coffee Shop Business Customer Demographics

IBISWorld reports on the major market segments for [Coffee & Snack Shops in the US](#). The full version of the report is available for purchase.

- The Coffee & Snack Shops industry generates approximately \$50.7 billion with the majority of establishments generating revenue from households
- The major markets are segmented by household earnings in the following order:
 - \$30,000-\$69,999 (25.4%)
 - \$150,000 + (23.3%)
 - \$100,000-\$149,999 (18.2%)
 - \$70,000-\$99,999 (15.9%)
 - Earning Less Than \$30,000 (14.1%)

- Businesses (3.1%)

Coffee Shop Business Startup Costs

[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 Startup Costs](#)

Coffee Shop Business Plans

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

Coffee 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 Business Publications

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

- [Beverage Industry](#)
- [Bon Appetit](#)

Coffee Shop Business Employment Trends

Labor costs are important factors for full service restaurant owners. Here is the [Coffee Shop Business](#) labor market summary from the Bureau of Labor Statistics.

Quick Facts: Food and Beverage Serving and Related Workers	
2018 Median Pay	\$21,750 per year \$10.45 per hour
Typical Entry-Level Education	No formal educational credential
Work Experience in a Related Occupation	None
On-the-job Training	Short-term on-the-job training
Number of Jobs, 2016	5,122,600
Job Outlook, 2016-26	14% (Faster than average)
Employment Change, 2016-26	694,300

“Work Environment

505,200 workers held jobs in coffee shops and lounges.

...

Pay

Although some workers in these occupations earn tips, most get their earnings from hourly wages alone. Many beginning or inexperienced workers earn the federal minimum wage (\$7.25 per hour as of July 24, 2009), although many states set minimum wages higher than the federal minimum.

Tipped employees earn at least the federal minimum wage (\$7.25 per hour, as of July 24, 2009), which may be paid as a combination of direct wages and tips, depending on the state. Direct wages may be as low as \$2.13 per hour, according to the [Fair Labor Standards Act](#) (FLSA).

Also according to the [FLSA](#), tipped employees are employees who regularly receive more than \$30 a month in tips. The Wage and Hour Division of the U.S. Department of Labor

maintains a website listing [minimum wages for tipped employees](#), by state, although some localities have enacted minimum wages higher than their state requires.

Job Outlook

As a growing population continues to dine out, purchase take-out meals, or have food delivered, more restaurants, particularly fast-food and casual dining restaurants, are expected to open. In response, more food and beverage serving workers, including fast-food workers, will be required to serve customers.

A more specific breakdown of wages for Accommodation and Food Services businesses in the US can be found [here](#) (see [35-3022](#) & [35-9031](#)).”

Additional Small Business Resources

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- View small business help topics here: [Small Business Information Center](#)
- View industry-specific research here: [Market Research Links](#)
- View business plans samples here: [Sample Business Plans](#)

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