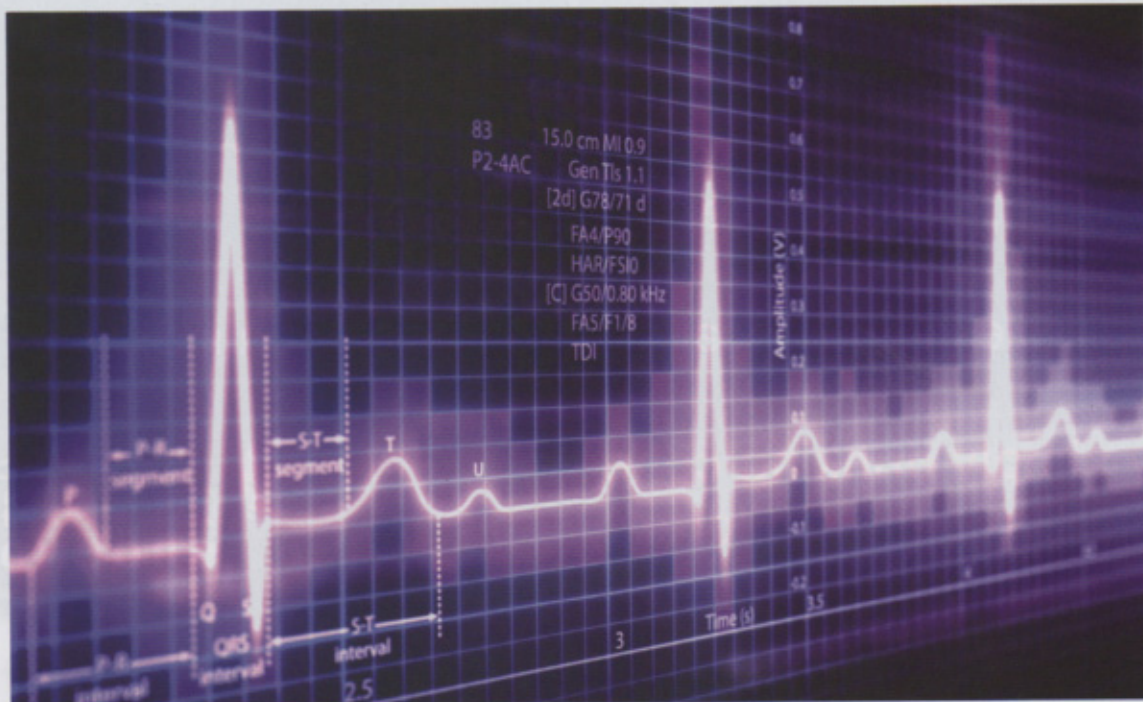


GIVE YOUR BUSINESS A HEALTH CHECK

by Paul Meikle-Janney, managing director, Coffee Community Ltd



■ Times are hard, but those who offer products that people really want are going to succeed

If you are currently running a café, or considering opening one in the near future, then these are challenging times. The competition for customers' diminishing disposable income has seen a number of high street coffee brands become casualties over the last few months. Yet strong brands continue to trade well and lowering rents and increasing property availability offer opportunities for new developments.

With a past in catering, and running Coffee Community for the last ten years, I've seen many struggling cafés and

doomed café developments. It's saddening when you walk through the door and see obvious problems and know that someone's dream café may soon turn into a nightmare. Often the dream was ill conceived in the first place, and then badly executed. Simple questions were never asked and simple steps followed, with the result that now the increased pressure in these testing times is making the cracks show.

Hopefully for most of you it is not too late to take time out, ask yourself some simple questions and give your business a health check.

WHO ARE MY CUSTOMERS?

All your plans start with knowing who your customers are and what they want. This statement must seem obvious, it's the principle that marketing is founded upon, but it's amazing how many people develop a café around their personal taste and desires without any thought as to whether their customers share them.

Start by identifying your current customers' and potential customers' demographics. Start with simple things such as gender, age and socio-economic groups, then add more detail; are they office workers, shoppers or families?

All these points will give you clues as to what they want to buy and how they want to buy it.

Work out when your customers visit you (i.e. morning,

lunch or evening), and how long they dwell, for example rushing in for takeaway or lingering for lunch. Different types of customers may use you at different parts of the day in different ways.

Work out not only who your current customers are and how much they spend on average, but also how many potential customers do you have? Are there sufficient to sustain your business? I once saw a business plan for a café in Huddersfield that was going to target media executives. The whole café was designed around this market. The café was not a financial success despite the loyal custom of all the town's media executives: a grand total of two.

AM I IN THE RIGHT LOCATION?

The fact remains that most customers choose to visit a café because of the convenience of its location; they'll visit the closest. That's why choosing the right location in the first place is essential. This should be well researched by studying elements such as footfall, competitors and potential sources of customers such as work places, colleges and shopping areas.

Ask yourself if there are sufficient types of your target customer to cover the rent. Sometimes a high rent may be worth it if the location supplies a rich source of customers, however a perceived bargain site will transpire to be anything but that if there is low footfall.

Does the property give you enough space for you to deliver the product your customer wants? Many people look at properties that are too small, hence seating areas are often limited. They convince themselves that 'takeaway' will support the business. With obvious exceptions such as train stations and office lobbies, it rarely does. British people like to sit down with their coffee much more than our American cousins. I once dealt with a very small café that was struggling to take £1000 a week. It moved to larger premises on the other side of the road, carried their existing offer across and added more seating. It was soon taking £1000 a day.

If you already have your location and you think you have chosen poorly then you have a tougher task. You have to ask yourself harder questions such as:

- Are there potential customers but I'm just not offering the right product to attract them
- Do I give my customers a reason to travel that bit further; can I become a 'destination'
- Do I communicate with my customers well (see below)
- And ultimately, should I move?

HOW DO I COMMUNICATE WITH MY CUSTOMERS

This question is possibly the most important of all. Everything we do gives our customers clues as to whether they should visit us.

Your name

What do Starbucks, Nero and Costa have in common? They are all people's names and don't inherently have anything to do with coffee. Each one was originally a blank canvas, which now represents all their brand values.

Choose a name that does not restrict what you do – does a name like 'Coffee Corner' tell customers that they can also get a sandwich or a light lunch? Make sure the associations of your name reflect the customers you wish to attract.

Your design

Ever since the rise of the American-style espresso bars on our high streets we seem to be obsessed with counter-based service. This may well be the right format for you, but there are other options.

Brands such as Pret and Eat have achieved great success by their format of banks of fridges for customers to self select. They increase their turnover and satisfy their customers' need for speed. Carluccio's, a personal favourite of mine, combines retail space, a deli counter and table service to offer a wide range of options to its customers throughout the day and evening.

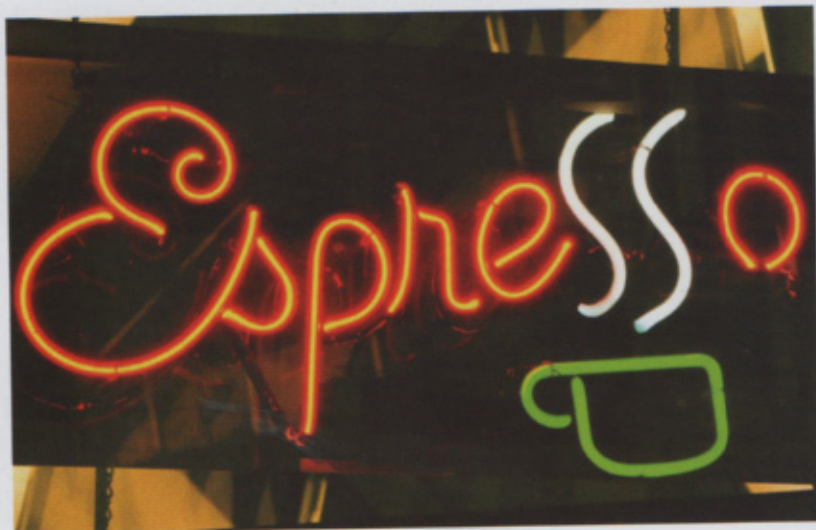
Make sure the look of the café speaks to your target customers. Your own tastes in décor may not be shared by your customers.

■ Are you doing everything you possibly can for your customers?





■ Speculate to accumulate – a generous display will entice customers to spend more



■ Good signage will help enormously

Your product

Again think in terms of your customers – what do they really want?

Offering mainly coffee with a few pastries may not be enough to pay the rent. Your food range is of equal importance. With high rents you need to maximise the average spend of your customers and that means selling food along with the coffee. Entice them not only with the main food purchase, but get them to add on extras such as snacks and sweets.

Choose products that are of a quality that meets your customers' expectations, bearing in mind that the level of quality will affect your sales price.

Coffee is one area where you do not need to compromise on quality. Good coffee costs little more per cup than mediocre beans, but if you are serving high quality then you need to explain this to your customers through, for example, good point of sale information.

Your price

Don't undersell yourself. If you are serving customers who demand high quality then they are likely to have low price sensitivity and they will be willing to pay for your expertise. The more differentiated and unique your offer, the more control you have with the prices you charge.

Make sure you are aware of your costs when pricing to ensure you get a healthy margin and always remain aware both of your competitors' prices and your customers' expectations.

Your merchandising

Poor merchandising is one of the most common problems I encounter with food and drink, no matter what its quality, being poorly packaged and presented. Luckily it is an area that is simply solved.

We have recently worked with a café brand on its merchandising. Using its existing sandwich range we increased sales by simply displaying them in a more prominent position and dressing the display fridges to emphasize the freshness of the products. Finally we made sure there was an opulent display. No one wants to buy a lonely looking sandwich left on a shelf for fear there is something wrong with it – although often that's all that is displayed for fear that there may be wastage at the end of the day.

Use signage effectively to make sure your customers know what is on offer at the point of purchase decisions.

Your sales activities

Finally, if you have sorted things out in your café, it is time to tell people about it and that does not have to mean splashing out on expensive advertising. Simple leaflets hand delivered to local businesses can be much more effective.

Use your staff to sell – never underestimate the effect that well-trained hospitable staff can have.

Create an event or demonstration and get the local press interested. Perhaps enter a competition – the UK Barista Championships are coming up, check out www.scaeuuk.com if you want to get involved.

www.coffeecomunity.co.uk

Paul Meikle-Janney has been involved in writing the City & Guild's Barista Qualification and the SCAE Qualifications. In 1998 he was awarded a 'Hotel & Caterer Acorn Award' for his expertise in catering and, since then, has been heavily involved in both the UK and World Barista Championships.

Paul was part of the UK barista team that won the SCAE World Team Challenge Cup in 2006, and is currently director of the World Coffee in Good Spirits Competition and head judge for the World Latte Art Championship.