While the British high street has taken a hit in recent years, coffee shop owners are often said to be sustaining the high street – giving a caffeine shot to the economy.

Through operating a business model that simply cannot go online, the industry has undergone a boom. The past five years have seen coffee sales in the UK increase by 5% while ‘casual’ dining chains such as cafés, diners and fast food have grown sales by 3.4% over the same period. Consumers may cut back during hard times but, clearly, coffee and food are mainstays they’re not willing to forgo.

What does the near future have in store?

According to our survey of 200 business owners in the hospitality space, owners are ambitious about the success of their business in the next three years. Over two-thirds of those surveyed (70%) feel they will expand their business locally in the next three years, suggesting the UK’s café coffee culture is truly in full swing.

In fact, the current growth rate of the UK coffee shop market is seven times that of the UK economy. So it is not surprising that some 67% of independent shop owners plan to employ more staff over the next three years and almost half (48%) intend to open more stores during that time.

Naturally, popularity and success bring their own challenges, and the industry as a whole still has significant potential for improvement. In a competitive market, UK shop owners need to differentiate themselves, and avoid being left behind.

2http://www.marketingweek.co.uk/sectors/food-and-drink/trends/eating-out-is-the-new-staying-in/4008835.article
Evolving with the times must be your cup of tea

While the café business model cannot go online, that does not mean embracing online technology is a non-starter. Nowadays, it is arguably a necessity.

Tracking stocks and sales data is an important part of business management, particularly when growing a business. But still 63% of owners revealed that they print out and review these statements from the till at the end of the day. In a growing sector, often with multiple shops to manage, can owners really continue to calculate sales on paper – a manual and time-consuming process which also poses the risk of human error?

Further, to meet owners’ predictions of growing locally, community engagement will be a big factor. That’s not just in the high street itself; this involves online social communities too. Despite this, 41% and 48% of owners do not use Facebook and Twitter respectively. With the majority of the customer base using one or both of these channels, ignoring this trend for any longer would prove a misstep.

Finally, our survey revealed that the average spend in a café or coffee shop remains at £5, a relatively low amount considering the amount of additional products on offer. With competition growing tougher by the day, owners must continue to maintain profitability and finding a way to incentivise new offerings may be key to this.

But how can you upsell customers, reward loyal ones, and entice new ones? The solution may be getting to know your customers through technology.
To remedy these questions and cope with today’s customer rush hour, modern-day equipment is now essential. Technology can enable easier management of marketing activity and pinpoint how you can make profitable changes to your business. Indeed, installing a more informative Electronic Point of Sale (EPoS) system that can house sales, marketing, payment and stock data, locally or in the cloud, was a clear favourite for owners looking to run their café more efficiently. In fact, nearly half (44%) said that it was the number-one technology to help them grow their business.

The use of online tools was favoured by business owners for their ability to cut-down payment times, whilst logging customer frequency, product preferences and updating stock balances. In short, doing several jobs at once. Because of its ability to link to the cloud, UK business owners are also looking to the online world as the best way to manage and grow their business. As well as making updates from anywhere by monitoring transactions, marketing, staffing and stock remotely, owners are also able to make swift business decisions even if they aren’t physically on location.

Forecasting is critical to growing a business, but can only be implemented if owners understand where money is being made and, indeed, where money is being lost. Staying on top of this becomes the number-one concern for many owners, but we all need to go on holiday some time don’t we?

Forecasting a cloudy spell

According to owner feedback, using online technology to manage the offline daily activities in store will be integral to success.

Over a third (37%) of owners forecast they could increase their sales by upping marketing efforts during quiet periods; making it the number-one revenue opportunity cited by the survey. These quiet periods are often times when reconciliations are carried out and staff are sent home, yet here there is a suggestion that the time could be better spent proactively drawing in new business.

But it’s not just about quiet periods; owners need to ask their customers when the best times to increase marketing activity are. Other considerations include: how much should be spent in accordance with turnover that month? And can the ROI be tracked?
Talking shop

As our survey respondents have confirmed, confidence remains high in the UK hospitality industry. This is good news for the job market, and the economy in general. But it is also exactly the reason why now is the right time to work out what the future holds. With competing businesses opening almost daily, it is not a time for sitting on your laurels; success is not guaranteed.

As a comparatively healthy sector of the high street, coffee shops and cafés have an opportunity to lead the way for other more constrained businesses to follow. A small proportion (15%) already declare that they are managing stocks digitally or in the cloud, suggesting that the business benefits this offers are starting to ring true.

But with wider adoption of these methods, the arduous task of managing a business suddenly becomes less of an issue. Meaning owners can focus less on the back office and more on what matters; the customers out front.

A bright cloud hangs over the UK hospitality industry, bringing many benefits to the independent and multiple store owners. Is it time you embraced it?

Stats to-go

- 70% predict strong local growth in next three years
- 48% plan to open more stores
- 67% intend to employ more staff

But...

- 63% still view sales data as a print out
- 41% are not using Facebook; 48% are not using Twitter
- Average spend remains £5 per customer

The solution?

- 67% say increased marketing activity and knowing customers better is the best way to improve sales
- 15% now manage stocks and reports digitally/via the cloud
- 44% think a more informative EPoS system would help grow business

Contact Guy Boxall to find out more about this research or the Casio Cloud Solution.

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