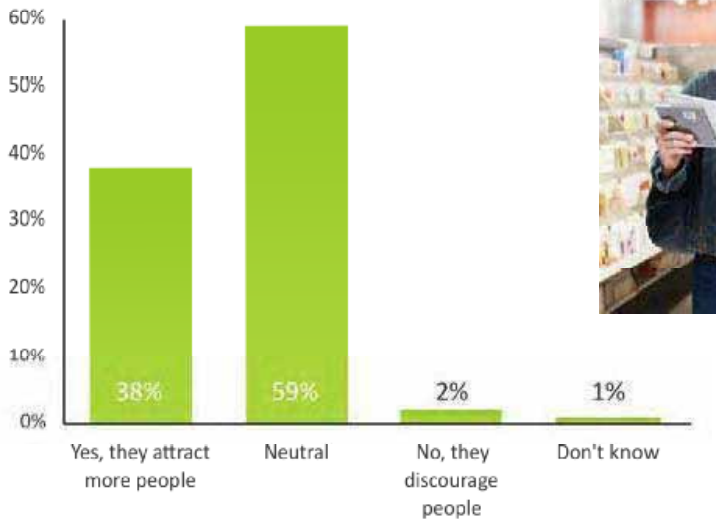
Coffee Shops Attract Consumers to Businesses

Coffee shops bring people to the High Street, as a result local businesses notice the benefit to trading performance. A net 36% of the local businesses interviewed acknowledge that coffee shops attract customers to their businesses.

FIGURE 4.27 COFFEE SHOPS UPLIFT TO LOCAL TRADING
In your opinion, do local coffee shops help attract more people to your business?
Percentage of Respondents





"The coffee shops provide a break for shoppers and they attract customers to this area. Most customers visit us purely because there is a coffee shop nearby."
[Male, 25-29, Assistant Manager, Retail Business, Bath, Old Bond Street]

"The coffee shops have increased our passing-by trade. As they visit coffee shops they tend to wander into our shops with their coffee. Customers with coffee also tend to browse for longer, while sipping their drinks."
[Female, 18-24, Manager, Retail Business, Bath, Old Bond Street]

"When customers can't make up their minds whether to buy something, we encourage them to have a coffee and think it over, then come back if they're interested. It reduces pressure on the customer."
[Female, 55-59, Manager, Clothes Shop, Bath, Old Bond Street]

"The coffee shops definitely attract more people to my business because they have to pass my stall on the way to the coffee shop."
[Female, 40-44, Owner, Photography Business, Manchester, St. Ann's Square]

"People can relax, take a break and get a coffee if it's raining. We get more non-local customers from it."
[Female, 35-39, Manager, Fruit & Vegetables Shop, Glasgow, Byres Road]

"Local coffee shops bring customers up to this part of the High Street, which is good for us, as we are located further up than the rest of the stores."
[Female, 18-24, Manager, Clothes Shop, Cobham, High Street]

Source: Allegra Strategies Research and Analysis, 2009/10

Coffee Shops' Significant Contribution to the Local Economy

Allegra Strategies estimates that the presence of coffee shops typically boost the local economy by 3-5%. This is based on several factors including contributions from increased footfall, higher visit frequency and prolonged dwell time.

- 60% of local businesses interviewed recognise coffee shops attract consumers to their High Street and 36% believe customers are then attracted in to their shops
- 40% of local businesses acknowledge that their trade has improved as a result of coffee shops being present nearby

WEEKLY FOOTFALL

- Footfall studies# undertaken in 5 towns with busy High Streets reveal branded coffee shops contribute up to 25% of footfall to UK High Streets
- According to Allegra Strategies national telephone interviews, the weighted average of UK adults visiting coffee shops in a typical week is 35%
- 10% of the UK adult population visit coffee shops more than once a week
- 52% of consumers plan to visit coffee shops as part of their trip to the High Street and 25% visited the High Street primarily to go to the coffee shop

DWELL TIME

- 75% of UK consumers in coffee shops will stay on the High Street longer

INTENTION TO SHOP

- A net 35% of UK consumers interviewed revealed that before or after visiting the coffee shop they intended to shop

PROPENSITY TO SPEND*

- According to Experian Footfall, the conversion rate from footfall to sales (propensity to spend) can range between 20-40% with a 15% variance

TABLE 4.3 CALCULATION OF CONTRIBUTION OF COFFEE SHOPS TO LOCAL HIGH STREET ECONOMY
% of UK Population x Increased Dwell Time x Intention to Shop x Propensity to Spend = High Street Benefit

Benefit Source	Proportion of UK Population %	Increased Dwell Time %	Intention to Shop on the High Street %	Propensity to Spend %	High Street Benefit %
Routine Typical weekly visits to coffee shops on the High Street	25-35%	75%	35%	25-40%	2-4%
Incremental Visits to coffee shops more than once a week	10%	50%	25%	40%	1%

"I can't imagine a High Street without coffee shops, they have become part of the character. Not many people are visiting the new shopping centre because there aren't any coffee shops opened within it yet."
[Female, 40-44, Manager, Clothes Shop, Bath, Old Bond Street]

Note: Conversion rates are dependent on many factors including staff effectiveness, marketing initiatives, location & convenience, store design, product offer, consumer needs, etc.

Source: #DPP Footfall Studies 2009, *Experian Footfall as at March 2010, Allegra Strategies Research and Analysis, 2009/10

The Role of Branded Coffee Chains
such as Starbucks, Costa Coffee and Caffè Nero

Branded coffee chains contribute significantly to the local vitality. They can act as a catalyst for further development of the High Street, attract affluent consumers, other coffee shops and restaurants, retailers and businesses to the area.

- Consumers are more likely to visit an area if it has branded coffee shops they know and trust. This translates into increased footfall and consumer spend for that area
- By targeting aspirational consumers, branded coffee shops attract customers with higher disposable income and therefore spend ability
- Consumers stay longer in an area with branded coffee shops, making it more likely for them to become aware of local retailers and businesses and spend more money with them
- Branded coffee chains attract quality retailers, brands and independents onto the High Street. This reduces vacancy rates and improves the commercial profile of the shopping area
- Local businesses recognise the value branded coffee chains add to their area
- Local businesses acknowledge the contribution branded coffee chains make in attracting people to the High Street and into their business
- 31% of independent coffee shops interviewed by Allegra report that branded coffee shops have a positive impact on their business
- Branded coffee chains have shaped consumer knowledge and awareness of coffee, which benefits the independent coffee shops
- Branded coffee chains attract consumers to new areas they might otherwise not visit
- Strong quality independents can perform very well among nearby branded chains as they offer consumers a different experience

"The Starbucks located directly opposite us attracts more people to the High Street. Most of our customers actually see us from sitting inside the coffee shop."
[Female, 35-39, Manager, Clothes Retail, Sheffield, Fargate]

"The big brands are well known and synonymous with coffee. We generally tend to experience more people on the High Streets where they are located. This of course rubs off on the shops in the area."
[Female, 35-39, Manager, Clothes Shop, Sheffield, Fargate]

"Some customers come into our shop with coffee cups and having a big brand in the same street is a major attraction to shoppers."
[Female, 40-44, Manager, Bureau de Change, Sheffield, Fargate]

"A coffee shop with a strong brand creates a strong attraction to the High Street, other retailers benefit positively from it, so it's good for the local economy."
[Female, 45-49, Public Sector, Sheffield, Fargate]

"Big brands are a strong attraction to the High Street and this brings more people in the area."
[Male, 25-29, Manager, Shoes Shop, Sheffield, Fargate]





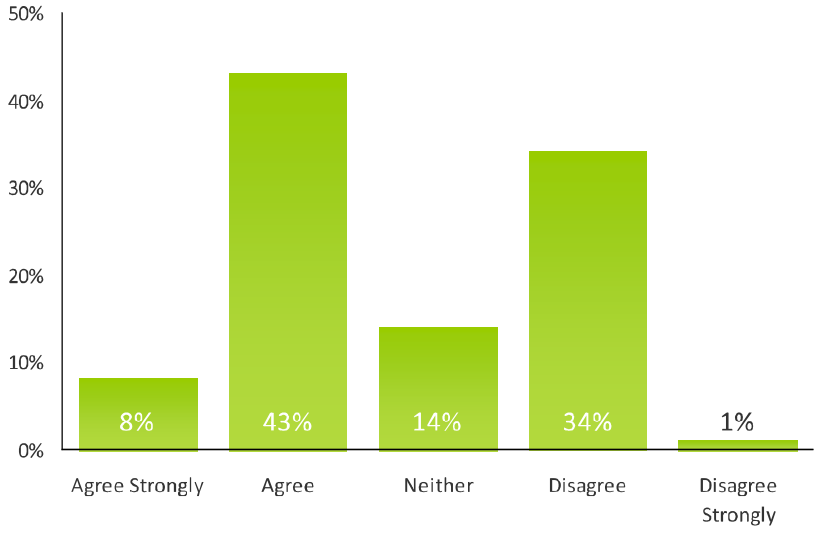


Source: Allegra Strategies Research and Analysis, 2009/10

Coffee Shops Improve Vitality of the High Street

With many customers visiting coffee shops on a daily basis often on a journey to or from work, having coffee shops close to where they live is more convenient. 51% of consumers would like to have coffee shops closer to where they live. Those who disagreed with this statement indicated they already had coffee shops nearby.

FIGURE 5.3 IMPORTANCE OF COFFEE SHOPS TO THE VITALITY OF THE AREA
Agree/Disagree: I would like to have a coffee shop closer to where I live.
Percentage of Respondents



"I live in Denmark Hill where there are no coffee shops. I think it's absolutely necessary to have recognised branded coffee shops nearby."
[Female, 30-34, Middle Manager, London, Borough High Street]

"I really do need coffee shops near where I live, preferably Caffè Nero or Starbucks."
[Female, 55-59, Professional, Manchester, St. Ann's Square]

"I would love to have coffee shops close to where I live. I would probably visit more if there was one close to home."
[Male, 50-54, Middle Manager, Manchester, St. Ann's Square]

"It would be nice to have coffee shops closer to where I live. It's a nice place to visit outside the house."
[Female, 30-34, Professional, Manchester, St. Ann's Square]

"It's nice to have somewhere to visit where you can relax."
[Male, 65-69, Senior Manager/Director, Sheffield, Fargate]

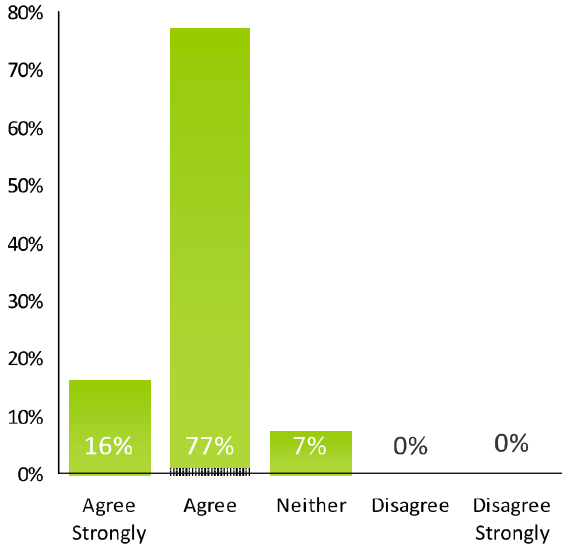
"I live in the village, would be nice to have coffee shops there."
[Female, 60-64, Retired, Bath, Old Bond Street]

Source: Allegra Strategies Research and Analysis, 2009/10

Coffee Shops Improve Vitality of the High Street

Unquestionably coffee shops improve the vibrancy of the local area. 93% of consumers interviewed agreed that coffee shops improve the vitality of their local High Street. No-one disagreed with this statement.

FIGURE 5.4 IMPORTANCE OF COFFEE SHOPS TO THE VITALITY OF THE AREA
Agree/Disagree: Coffee shops improve the vitality of this area.
Percentage of Respondents





"I feel strongly that coffee shops help improve the vitality of this area. It's a traditional thing to have coffee shops to gather and socialise in."
[Female, 25-29, Professional, Manchester, St. Ann's Square]

"Coffee shops definitely improve the vitality of this area. It's especially great in the summer when people can sit outside. It makes the area bubbly and makes it appear safer."
[Female, 30-34, Office Professional, Manchester, St. Ann's Square]

"Coffee shops provide people with a choice of where to go. It's not as expensive as a restaurant but the experience is just as nice."
[Female, 65-69, Retired, Manchester, St. Ann's Square]

"Whenever I think of shopping, I think of coffee at Starbucks."
[Female, Under 18, Student, Sheffield, Fargate]

"There are always more people in the areas where there are coffee shops, especially in the summer, they 'add life' to the area."
[Female, 55-59, Professional, Sheffield, Fargate]

Source: Allegra Strategies Research and Analysis, 2009/10

The Dynamic High Street

High Streets are more than just a place where people work or pass through. People shop, meet their friends and spend their leisure time on the High Street. Creating a dynamic High Street which offers consumers a vibrant experience is critical to the success of local retail and the local economy.

High Streets are evolving as housing solely purveyors of goods to a combination of service based and product focused businesses. UK consumers are going to their local High Street for experiential reasons, to have a haircut or facial, meet friends and grab a cup of coffee.

The local Government publication, *'Looking After our Town Centres'* in 2009, recognises this evolution and discusses the need for High Streets to appear 'safe' to local residents.

It describes an ideal area as an *"attractive, convenient and comfortable environment for shoppers and residents of all ages... a place where they can linger safely, have informal meetings and conversations, relax and where young people can also meet."*

The report also highlights the need for the High Street to be diverse, offering consumers activities for both the day and the evening. Offering amenities beyond usual retail opening hours will retain vibrancy within the area and yield greater revenues for stores. A more vibrant High Street will attract consumers from further afield.

With schemes supported by the Government across the country to transform vacant units into art galleries and shared community spaces, the character and purpose of the High Street is evolving even further.

Coffee shops can act as a central focal point within a High Street, making the area more vibrant and attractive to the British public, consumers can feel welcome to stay as long as they want, relax and socialise in an appealing environment.

"The coffee shops keep people in the area longer, while not necessarily resulting in a direct impact on my business, it is great because we want people to spend more time out and about in the High Street."
[Female, 40-44, Owner, Gift Shop, Manchester, St. Ann's Square]

"As the items we sell are expensive, the local coffee shops give customers somewhere to go and think about it before making an actual purchase. Usually customers will say 'I'll think about it over a coffee'."
[Male, 35-39, Assistant Manager, Jeweller, Bath, Old Bond Street]

"The coffee shops keep people on this High Street. It provides a feel good factor. Customers aren't just passing through now."
[Male, 45-49, Manager, Clothes Shop, Bath, Old Bond Street]

"People are always looking for coffee and sandwiches for lunch. There are more people in the areas where the coffee shops are located and they are an essential part of the High Street."
[Male, 45-49, Manager, Stationers, Bath, Old Bond Street]

"I hope there are more coffee shops to increase the vibrancy further. This area used to look a bit dead but it's much livelier now."
[Female, 35-39, Manager, Internet Services, London, Borough High Street]

"Coffee shops are now a social thing for people, they also keep young people out of the pub. Unfortunately the coffee shops don't open long enough."
[Male, 50-54, Manager, Menswear, Bath, Old Bond Street]

"Since this coffee shop opened, the area has had more people about. Where there are coffee shops present, people stay longer; people get their coffee and then they socialise, so they are hanging around longer. Certainly on a Sunday, there's a Sunday morning crowd."
[Cobham, High Street, Starbucks, 45-49, Female]

Source: Looking After our Town Centres, Allegra Strategies Research and Analysis, 2009/10