

Martin Dinkele: Six things pubs can learn from coffee shops

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By **Martin Dinkele**

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Did you see that report about the growth of coffee shops?

800 new shops opened in 2010. Allegra Strategies predict that the number of coffee shops will increase from 14,000 now to 16,700 by August 2013.

And Costa Coffee, now with 1,175 branches, has enjoyed an incredible 35 consecutive quarters of like-for-like growth.

Yet the pub sector is struggling. The latest figures show beer sales 7.5% down in pubs, up 0.6% in the off trade. Pubs are closing, but I regularly see busy coffee shops next to quiet pubs.

It made me think what coffee shops are doing right. A coffee can cost nearly £3 a cup in their shops but I don't hear them complaining about the cost of a jar of coffee in supermarkets. And they are often located in prime high street locations, stations and airports with high rents. At a time when money is tight people don't seem to be cutting back on their mid-morning latte.

What can pubs learn from the current success of coffee shops? I know that coffee shops don't sell alcohol and don't have to put up with drip drip drip of negativity about alcohol that pubs endure from the Daily Mail, BBC and health lobby.

Here's six thoughts:

- **Transparent pricing.** When I'm in a coffee shop there's invariably a big clear sign telling me how much the coffee costs. Pubs remain unique in that drinks prices are consigned to a wine list or food menu or a A4 sign on the obscure side of a pillar. Pub regulars know the price of their favourite pint and table talkers are a feature of JD Wetherspoon pubs, but mostly consumers have to guess.
- **Size and intimacy.** I'm sure consumers find it more comfortable to be in a quiet coffee shop than in a quiet pub. Consumers feel less exposed and out of place and I

think that's because most coffee shops are smaller and more intimate. There's no better atmosphere than a busy pub, but nothing worse than being the only person in an empty pub. Maybe when pubs lost their separate public bars and lounge bars they lost some of this intimacy.

- **Serve quality.** Despite the best intentions of brand owners and pubs alike getting a branded glass can be a hit or miss affair. No wonder women don't drink much beer when branded half pint glasses are such an afterthought. By contrast I can't remember ever getting an espresso or Americano in the wrong coffee cup.
- **Aroma.** I love how coffee shops smell. They have the advantage of that wonderful aroma of freshly brewing coffee. But supermarkets have learnt the power of pumping artificial aromas into their shops to keep shoppers happy. This may be an area worth looking at for pubs.
- **Loyalty cards.** Supermarkets are convinced that loyalty cards work and some coffee shops are applying the same logic. The Costa Coffee Club and Starbucks Card are both schemes to reward regular customers. Could more pubs do the same?
- **Become brands.** Now I know that when we talk to consumers about their ideal pub they tell us they want it independently run, home cooked food, visible landlord etc. They say that's what they want but then flock to branded pubs like Harvester and Hungry Horse in real life because they offer the reassurance of a branded offer. I think the same applies to coffee shops. There are hundreds of brilliant independent coffee shops out there loved by their regular customers but for every new one that opens another one closes. Meanwhile Starbucks, Costa and Café Nero keep on opening and repeating their successful branded formula.

I accept that some of these points are glib generalisations, but I'm sure there's a lot pubs can learn from coffee shops. This is definitely an area worth exploring further.