

coffee shop business plan

[Food & Diet](#), [Coffee](#)



JavaCulturecoffee bar is determined to become a daily necessity for local coffee addicts, a place to dream of as you try to escape the daily stresses of life and just a comfortable place to meet your friends or to read a book, all in one. With the growing demand for high-quality gourmet coffee and great service, Java Culture will capitalize on its proximity to the University of Oregon campus to build a core group of repeat customers.

Java Culture will offer its customers the best prepared coffee in the area that will be complimented with pastries, as well as free books that its patrons can read to enjoy their visit. The company will operate a 2, 300 square foot coffee bar within a walking distance from the University of Oregon campus. The owners have secured this location through a three-year lease with an option for extending. The have also provided \$140, 000 of the required \$170, 000 start-up funds. The remaining capital will be obtained through Bank of America commercial loans.

The company is expected to grow sales revenue from \$584, 000 in FY2001 to \$706, 000 in year three. As Java Culture will strive to maintain a 65% gross profit margin and reasonable operating expenses, it will see net profits grow from \$100, 000 to \$125, 000 during the same period.

Objectives

Java Culture's objectives for the first year of operations are: Become selected as the " Best New Coffee Bar in the area" by the local restaurant guide. Turn in profits from the first month of operations. Maintain a 65% gross margin. Store design that will be both visually attractive to customers, and designed for fast and efficient operations. Employee training to insure the

best coffee preparation techniques. Marketing strategies aimed to build a solid base of loyal customers, as well as maximizing the sales of high margin products, such as espresso drinks. Mission Java Culture will make its best effort to create a unique place where customers can socialize with each other in a comfortable and relaxing environment while enjoying the best brewed coffee or espresso and pastries in town.

We will be in the business of helping our customers to relieve their daily stresses by providing piece of mind through great ambience, convenient location, friendly customer service, and products of consistently high quality. Java Culture will invest its profits to increase the employee satisfaction while providing stable return to its shareholders. Company Summary Java Culture, an Oregon limited liability company, sells coffee, other beverages and snacks in its 2, 300 square feet premium coffee bar located near the University of Oregon campus.

Java Culture's major investors are Arthur Garfield and James Polk who cumulatively own over 70% of the company. The start-up loss of the company is assumed in the amount of \$27, 680. Company Ownership Java Culture is registered as a Limited Liability Corporation in the state of Oregon. Arthur Garfield owns 51% of the company. His cousin, James Polk, as well as Megan Flanigan and Todd Barkley hold minority stakes in Java Culture, LLC. Company Locations and Facilities Java Culture coffee bar will be located on the ground floor of the commercial building at the corner of West 13th Avenue and Patterson Street in Eugene, OR.

The company has secured a one-year lease of the vacant 2, 500 square feet premises previously occupied by a hair salon. The lease contract has an <https://assignbuster.com/coffee-shop-business-plan/>

option of renewal for three years at a fixed rate that Java Culture will execute depending on the financial strength of its business. The floor plan will include a 200 square feet back office and a 2,300 square feet coffee bar, which will include a seating area with 15 tables, a kitchen, storage area and two bathrooms.

The space in the coffee bar will be approximately distributed the following way-1,260 square feet (i. e., 55% of the total) for the seating area, 600 square feet (26%) for the production area, and the remaining 440 square feet (19%) for the customer service area. This property is located in a commercial area within a walking distance from the University of Oregon campus on the corner of a major thoroughfare connecting affluent South Eugene neighborhood with the busy downtown commercial area. The commercially zoned premises have the necessary water and electricity hookups and will require only minor remodeling to accommodate the espresso bar, kitchen and storage area.

The coffee bar's open and clean interior design with modern wooden decor will convey the quality of the served beverages and snacks, and will be in-line with the establishment's positioning as an eclectic place where people can relax and enjoy their cup of coffee. The clear window displays, through which passerby will be able to see customers enjoying their beverages, and outside electric signs will be aimed to grab the attention of the customer traffic. Products Java Culture will offer its customers the best tasting coffee beverages in the area.

This will be achieved by using high-quality ingredients and strictly following preparation guidelines. The store layout, menu listings and marketing

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activities will be focused on maximizing the sales of higher margin espresso drinks. Along with the espresso drinks, brewed coffee and teas, as well as some refreshment beverages, will be sold in the coffee bar. Java Culture will also offer its clients pastries, small salads and sandwiches. For the gourmet clientele that prefers to prepare its coffee at home, Java Culture will also be selling coffee beans.

The menu offerings will be supplemented by free books and magazines that customers can read inside the coffee bar. Product Description The menu of the Java Culture coffee bar will be built around espresso-based coffee drinks such as lattes, mochas, cappuccinos, etc. Each of the espresso-based drinks will be offered with whole, skimmed, or soy milk. Each of these coffee beverages is based on a ‘shot’ of espresso, which is prepared in the espresso machine by forcing heated water through ground coffee at high pressure.

Such espresso shots are combined with steamed milk and/or other additives like cocoa, caramel, etc. , to prepare the espresso-based beverages. Proper preparation techniques are of paramount importance for such drinks. A minor deviation from the amount of coffee in the shot, the size of the coffee particles, the temperature of milk, etc. , can negatively affect the quality of the prepared drink. Sales Literature Two thousand flyers will be distributed in the adjacent neighborhood, on the University campus, at the malls and in the selected office buildings within two weeks prior to the opening of Java Culture.

Subsequently, free postcards with Java Culture endorsement will be printed to increase the company visibility among the patrons. Market Analysis

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Summary U. S. coffee consumption has shown steady growth, with gourmet coffee having the strongest growth. Coffee drinkers in the Pacific Northwest are among the most demanding ones. They favor well-brewed gourmet coffee drinks and demand great service. Eugene, OR, with its liberal and outgoing populace and long rainy winter, has traditionally been a great place for coffee establishments.

Java Culture will strive to build a loyal customer base by offering a great tasting coffee in a relaxing environment of its coffee bar located close to the bustling University of Oregon campus. Market Segmentation Java Culture will focus its marketing activities on reaching the University students and faculty, people working in offices located close to the coffee bar and on sophisticated teenagers. Our market research shows that these are the customer groups that are most likely to buy gourmet coffee products.

Since gourmet coffee consumption is universal across different income categories and mostly depends on the level of higher education, proximity to the University of Oregon campus will provide access to the targeted customer audience. Target Market Segment Strategy Java Culture will cater to people who want to get their daily cup of great-tasting coffee in a relaxing atmosphere. Such customers vary in age, although our location close to the University campus means that most of our clientele will be college students and faculty. Our market research shows that these are discerning customers that gravitate towards better tasting coffee.

Furthermore, a lot of college students consider coffee bars to be a convenient studying or meeting location, where they can read or meet with peers without the necessity to pay cover charges. For us, this will provide a

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unique possibility for building a loyal client base. Market Needs General trend toward quality among U. S. consumers definitely plays an important role in the recent growth in gourmet coffee. Additionally, such factors as desire for small indulgencies, for something more exotic and unique, provide a good selling opportunity for coffee bars.

Industry Analysis Coffee consumption has shown a steady 2. 5% growth rate in the United States over the last decade. In 1994, total sales of coffee were approximately \$7. 5 billion with gourmet coffee representing 33% (or \$2. 5 billion) of that. The retail coffee industry is flourishing in the U. S. Pacific Northwest. The local climate, with a long rainy season, is very conducive for the consumption of hot non-alcoholic beverages. At the same time, hot dry summers drive people into cafes to order iced drinks.

Further, coffee has really become a part of the lifestyle in the Pacific Northwest. Its discerning coffee drinkers are in favor of well-prepared, strong coffee-based beverages, which they can consume in a relaxing environment. Competition and Buying Patterns Competition According to the 1997 OregonFoodservice Statistics (NAICS 72), Eugene had 45 established snack & non-alcoholic beverage bars (NAICS 722213) with total sales of \$14. 2 million. Among other establishments that offer coffee drinks to their customers are most of Eugene’s limited- and full-service restaurants.

Java Culture’s direct competitors will be other coffee bars located near the University of Oregon campus. These include Starbucks, Cafe Roma, The UO Bookstore, and other Food service establishments that offer coffee. Starbucks will definitely be one of the major competitors because of its strong financial position and established marketing and operational

practices. However, despite of Starbucks' entrenched market position, many customers favor smaller, independent establishments that offer cozy atmosphere and good coffee at affordable prices.

Cafe Roma is a good example of such competition. We estimate that Starbucks holds approximately 35% market share in that neighborhood, Cafe Roma appeals to 25% of customers, The UO Bookstore caters to another 10%, with the remaining market share split among other establishments. Java Culture will position itself as a unique coffee bar that not only offers the best tasting coffee and pastries but also provides home-like, cozy and comfortable environment, which established corporate establishments lack.

We will cater to customers' bodies and minds, which will help us grow our market share in this competitive market. **Buying Patterns** The major reason for the customers to return to a specific coffee bar is a great tasting coffee, quick service and pleasant atmosphere. Although, as stated before, coffee consumption is uniform across different income segments, Java Culture will price its product offerings competitively. We strongly believe that selling coffee with a great service in a nice setting will help us build a strong base of loyal clientele.