
Coffee Shop Business Plan Series

Market & Industry Analysis

Dream|a|Latte.com

Industry Analysis

- **Industry Description-** Describe the current state of the industry overall and where it's headed. Statistics to mention include:
 - NAICS code and industry definition
 - Size and forecast- displayed in dollar values over a 3-5 year period
 - Participants- number of firms in the industry, the major players and percentage of the market they control, and major customer groups
 - Growth rate and forecast
 - Structure- concentrated or fragmented
 - Life cycle stage
- **Current Factors/Issues/Problems-** What factors make the industry attractive or unattractive? This could be various things that have an impact on the industry. For example: changes in the way the product/service is being used, new products or process innovations, entry or exit of major firms, or changes in any factors in the external environment (economy, international, technology, government regulation, socio-cultural issues).
- **Industry Trends-** Current participant behaviors affecting the industry.
- **Key Success Factors-** Key factors to be successful in this industry. Know what it takes to succeed and how you will differentiate yourself.
- **Comparison of your venture to the industry-** Apply this industry research to your own venture. What are the implications of the current industry to the way you conduct your business? What are things you need to be aware of to be successful?

Market Analysis

- **Define the market-** Define the market (the coffee drinking public), and narrow it down into a market segment: a group you could potentially sell to.
 - What percentage market share and number of customers can you obtain?
 - Capture market statistics such as market growth, segmentation, trends, and forecast.

- **Research demographics-** Collect market demographics such as age, gender, family size, education level, occupation, annual spending on coffee shops, household income, etc.
 - What geographic areas is your market segment in?
 - Are there enough potential customers in this area to support your business?
- **Define the target market-** Narrow down the type of client you expect to serve. What is your ideal customer? What are their needs? Who needs a coffee shop like yours? What groups would feel more comfortable in the atmosphere you created?

Answer these questions to paint a picture of your ideal customer:

- How old are they? Gender? Lifestyle? Interests? Hobbies? Economic status?
- What is their income level? How often and how much of this are they spending on coffee? Do they spend money on gourmet items or use coupons to save?
- Where are these customers, and how do they live? City or suburbs? Houses, apartment, or dorms? What is the geographic area like in terms of size, population density and climate? Are they commuters?
- What is their lifestyle? Why do they make the choices they make? What do they do for fun? Where do they spend their free time?
- What are their behavior patterns? What needs to they have and how do they fill their needs?
- What are seasonal/cyclical purchasing trends that may impact your business?

Knowing this information will help figure out the buying patterns of your target customer. If you know your customers, you can find their needs and give them what they want, which will help you build a loyal customer base. As you collect information, compare it to assumptions made about your customers. What's surprising? Are there untapped opportunities you can fill?