



Activity 1

Rationale and Marketing objectives

The option I have decided to choose for Bean Street Bistro(BSB) in the aim of increasing their market share, is to offer special deals and loyalty cards to customers . I believe this will be most effective as research outlets such as '*Wholesome Coffee co*' shows that loyal customers are now much more likely to spend and visit a coffee shop making it more likely to increase sales revenue in the future. This strategy would give customers incentives to recommend BSB to others for various different reasons, similar tactics have been proven successful by the likes of Costa coffee(who are in the lead for market share), and Tim Hortons, making it a very safe option but also extremely effective and achievable.

Marketing Objectives:

1. Increase sales revenue by 10% over a 10 month period by introducing special offers and price based promotions targeted at both new and existing customers. This will be achieved by implementing weekly deals, limited time discounts, and bundle offers aimed at increasing the volume of transactions, particularly during off peak hours. With the current cost of living crisis affecting purchasing behaviour, value focused promotions are increasingly effective at encouraging more frequent purchases. This objective aligns with the owner's aim to grow revenue while responding to changing consumer priorities, where affordability and perceived value are becoming key decision factors in coffee consumption.

2. Distribute 125 loyalty cards (100 to existing customers, 25 to new customers) within 10 months as part of a wider campaign to boost customer retention and repeat visits. The introduction of a loyalty scheme will incentivise frequent visits through rewards such as free drinks or discounts after a set number of purchases. Industry insights, such as Costa's successful loyalty app with 6 million users, show that such schemes can significantly enhance customer engagement and spending. Encouraging loyalty is particularly important for an independent coffee shop like BSB, which lacks the national brand recognition of larger competitors and therefore must build strong relationships at a local level.



3. Increase BSB's social media following to 10,000 across all platforms within the first 3 months of the promotional campaign by launching official accounts and running a targeted digital campaign. This will include collaborations with local influencers, as well as the use of engaging content such as polls, competitions, and promotional announcements tailored to the 28–39 age group, including students and remote workers. Platforms like TikTok and Instagram will be prioritised due to their strong user base within this demographic. This objective supports BSB's broader aim to increase brand awareness and attract new customers, particularly as consumer decisions are increasingly influenced by online visibility and social proof.

Research analysis:

Market Size, Share, and Structure:

As of 2025, the UK coffee shop market is valued at approximately £10.1 billion, with industry analysts suggesting there is anticipated growth over the coming years. While the rate of growth has not been explicitly stated, data from Statista shows there were 22,411 coffee shops in the UK as of 2023. More recent figures from 2025 indicate there are now "over 22,000" shops, comprising 10,000 branded outlets and 12,000 independents. Although the phrasing "over 22,000" suggests a maintained or similar number, it's reasonable to infer there may have been a slight market contraction, especially in the branded segment. This assumption is reinforced by the closure of 17 Costa Coffee locations in 2024, likely influenced by the ongoing cost of living crisis. However, this doesn't directly contradict forecasts of overall market growth. Instead, it highlights a redistribution of market power and consumer preference within the sector. Specifically, it suggests that while consumer demand for coffee remains strong, there is a shift in how and where consumers prefer to meet that demand. Up until recently, a significant proportion of consumers were driven by the experiential and social aspects of coffee consumption—spending time in coffee shops, meeting friends, or working remotely in a relaxed environment. This behaviour aligned with trends favouring lifestyle branding and social spaces. However, due to increasing economic pressures, many consumers are now prioritising value for money, leading to a growing preference for at home coffee consumption. In fact, 83% of UK consumers reportedly now prepare coffee at home, a significant behavioural shift. This suggests that while the market as a whole may be maturing, individual segments (such as premium branded shops) may be facing greater volatility, while lower cost alternatives and home brew options are gaining market share. This represents a shift in consumer needs from social experience to affordability and convenience, and marketing strategies must adapt to reflect this new focus.



Target Market:


The coffee shop market in the UK typically appeals to a broad and varied demographic, making it challenging to pinpoint a precise target audience. Questionnaire responses reflect this diversity, indicating no significant differences in preference across age and gender groups. However, recent market analysis suggests a shift towards remote and hybrid workers aged approximately 23 to 39, influenced by evolving workplace habits and the increased use of coffee shops as flexible workspaces. For my promotional campaign, I have therefore chosen specifically to target individuals aged 28 to 39, comprising primarily university students and remote or hybrid professionals. This targeted approach enables my campaign to directly address the unique preferences and demands of these groups, focusing on providing suitable spaces for both academic study and professional productivity.

Competitors:

There are three main competitors within the UK coffee shop market that need consideration, particularly in relation to their distinct marketing objectives and strategies, which align closely with our own campaign objectives.

Firstly, Costa Coffee, as the UK's largest coffee chain valued at approximately £1.34 billion, employs a highly effective loyalty scheme. This initiative, with around 6 million active members, encourages repeat visits by offering customers incentives, such as earning a free drink after accumulating ten 'beans'. Additionally, Costa's strategic collaboration with Marks & Spencer (M&S) enables them to attract more affluent customers who increasingly view coffee as a luxury purchase, particularly during economically challenging times. Given this trend, I will incorporate a similar loyalty scheme into my campaign for BSB to capitalise on growing consumer perceptions of coffee as a premium indulgence, thereby enhancing customer retention and satisfaction.

Secondly, Black Sheep Coffee differentiates itself through a pronounced emphasis on environmental responsibility and sustainability, as reflected in their extensive use of compostable packaging and community focused initiatives. Although incorporating such environmentally friendly elements aligns with long term market trends, currently it is not the immediate priority for my campaign. Nonetheless, the increasing consumer preference for sustainable practices, particularly among younger demographics, suggests that this focus could be considered for future marketing activities.



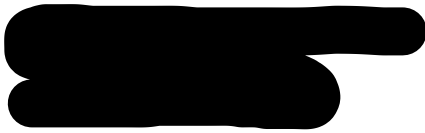
Lastly, Tim Hortons, with its rapidly expanding UK presence (currently at approximately 75 locations), distinguishes itself by providing high quality products at highly competitive and affordable price points. This brand has successfully attracted customers through regular promotional offers, including popular daily deals such as £1 breakfasts and half price doughnuts. Given the current economic environment, this approach is particularly relevant, and incorporating elements of similar daily deals or special promotions into BSB's immediate marketing campaign could significantly enhance our competitive advantage by appealing directly to cost conscious consumers who still desire high quality coffee experiences.

Trends

A key trend in the UK coffee market is the rise of remote and hybrid workers, who increasingly use coffee shops as alternative workspaces. This supports BSB's decision to remain open until 10pm daily, aligning with the campaign's focus on targeting 28–39 year olds, including students and professionals working hybrid or remotely. At the same time, the cost of living crisis has caused a shift in consumer behaviour, with many viewing coffee as a luxury and choosing to brew it at home evidenced by the fact that 83% of UK consumers now drink coffee at home. While this presents a challenge for cafés, it increases the importance of loyalty and value driven promotions. BSB's planned loyalty card scheme directly addresses this by encouraging repeat visits and enhancing perceived value. Additionally, larger chains such as Costa have maintained customer engagement through mobile ordering, drive throughs, and app based loyalty rewards. While BSB lacks these capabilities, its loyalty card system serves a similar purpose in building customer retention. This is especially relevant given primary research findings, which show more respondents described themselves as disloyal than loyal—highlighting a key area for improvement.

Primary Research: Reliability and Validity

The primary research was conducted over the month of April, providing a sufficient time frame to gather meaningful insights; however, specific times of day when responses were collected were not indicated. The absence of this detail may affect validity, as customer profiles can vary significantly depending on the time—morning visitors might differ from those who frequent coffee shops in the afternoon or evening. The sample size, comprising 300 respondents, initially appears adequate; however, on closer evaluation, it proves highly limited in representing the broader UK coffee market. Given the statistic that approximately 95 million cups of coffee are consumed daily in the UK—with the average adult drinking two to three cups per day—the number of individual daily coffee consumers can conservatively be estimated at around 900,000.



Therefore, 300 responses collected over a month equates to roughly 10 respondents per day, an extremely small sample that significantly undermines the reliability of the findings when considering the scale and diversity of the consumer base.


Furthermore, the location specified as 'outside the coffee shop' raises additional validity concerns, as respondents could already possess a predisposed favorability toward Bean Street Bistro. While this location might increase the probability of surveying regular coffee consumers—thus ensuring relevance of responses—it also introduces considerable risk of bias, potentially inflating positive perceptions and diminishing critical feedback. A clear strength of the research is the decision to target individuals aged 16 and above, as this demographic span allows for a broad spectrum of responses. The diversity in age inherently brings variety in socioeconomic backgrounds, spending power, and consumption preferences, enhancing the relevance and applicability of findings across different consumer segments. Nevertheless, the research omitted several crucial questions that could have significantly informed marketing strategies. These include identifying the most influential factors for consumers when purchasing coffee, preferred channels or methods for discovering new offers and flavours, and specific perceptions or opinions about Bean Street Bistro itself. The absence of this information represents a missed opportunity, potentially limiting the actionable insights available for strategic decision making. Overall, the implications of these research limitations are significant: decisions based on such data may lack generalisability, potentially leading to ineffective marketing strategies or misallocation of resources. To mitigate these risks, future research should include larger and more diverse samples, employ varied locations, and incorporate comprehensive question sets that address critical consumer insights directly relevant to campaign planning and positioning.

Justification (how do these affect your objectives)

Strengths:

Bean Street Bistro's most significant strength lies in its unique selling point (USP): extended opening hours until 10pm every day. This is relatively uncommon among coffee shops in the area and offers a convenient option for customers seeking a space to work, study, or relax during later hours. This USP aligns directly with my campaign's target audience—remote/hybrid workers and university students aged 28–39—who often require flexibility outside standard working hours. The extended hours not only fill a gap in the market but also support my objective of increasing footfall during traditionally quieter periods, such as early evenings.

Weaknesses:



Despite the advantages of being an independent coffee shop, BSB faces several weaknesses that could hinder growth. A limited product range, particularly the absence of at home options, means it misses out on a growing consumer segment that prefers brewing coffee at home, an area where competitors like Costa and Black Sheep Coffee are thriving. Moreover, while being independent might imply a more personal customer experience, World Coffee Portal research suggests that coffee shops lacking modern service extensions such as drive throughs, mobile ordering, and self serve stations are becoming increasingly less competitive. In comparison, Tim Hortons continues to expand by offering value oriented, accessible services like daily deals and fast, convenient ordering, while Costa leverages technology through their app based loyalty programme and wide physical footprint.

Opportunities:

There is strong evidence that customer loyalty, when earned, translates into higher spending, as supported by Wholesome Coffee's industry data. This presents a clear opportunity to implement a customised loyalty scheme at BSB, which could drive repeat business and support objectives related to customer retention and increased average transaction value. Additionally, as independent coffee shops continue to rise in popularity, particularly those offering ethical or community focused messaging, BSB can capitalise on this cultural shift to build a strong emotional connection with its customer base, potentially exploring eco conscious initiatives in the long term.

Threats:

The primary research revealed that more respondents identified as disloyal than loyal, suggesting that customer retention in this market may be challenging without a compelling incentive structure. This insight has a direct implication on my promotional strategy, underscoring the importance of integrating a well designed loyalty system to overcome this barrier. Additionally, the cost of living crisis poses a broader economic threat. With consumers becoming more selective in their spending, premium priced or non essential items—like café purchased coffee—are at risk of being deprioritised. This trend supports the need for value driven messaging and price conscious promotions, drawing inspiration from Tim Hortons' success with affordable daily deals.

Product Life Cycle Analysis

Understanding where the UK coffee market sits in the Product Life Cycle (PLC) is vital to justifying my campaign strategy and shaping its objectives.

The coffee shop industry appears to be in the maturity stage of the PLC, supported by both quantitative and behavioural indicators. Market research estimates the sector's



total value at £10.1 billion, with industry forecasts predicting moderate growth over the next five years. However, this overall growth masks deeper structural changes—while the number of coffee shops has remained steady (around 22,000 as of 2025), branded chains like Costa have begun closing locations (17 in 2024), possibly due to declining margins and shifts in consumer behaviour. At the same time, there is rapid growth in at home coffee consumption, with 83% of UK consumers reportedly brewing coffee at home. This trend indicates a bifurcation in the market: while overall demand for coffee is not declining, the channels through which consumers meet that demand are shifting. This dual dynamic—continued demand paired with shifting consumption preferences—is characteristic of a market in mid maturity, where brands must focus not on expanding the market but on differentiating themselves and retaining customer loyalty. For Bean Street Bistro, this has two major implications for the campaign. Firstly, there is a need to differentiate through service and experience, such as leveraging the extended opening hours to appeal to flexible workers and students. Secondly, BSB must adapt to changing expectations around convenience and value—by offering deals, introducing loyalty rewards, and maintaining competitive pricing. At this stage in the market's life cycle, brand loyalty and customer experience become critical success factors, which directly shape my campaign objectives around increasing visit frequency and enhancing customer satisfaction.