




Activity 1

The option I have chosen is for Bean street Bistro to start offering special deals and loyalty cards to people. 26 people from my research said loyalty programmes would enhance the relationship between brand and customer and 19 people said rewards and freebies would maintain their loyalty.


Introduction

Bean Street Bistro, is an independent coffee shop located in the vibrant city centre in the north of the UK, is uniquely positioned to capitalise on the growing coffee culture while navigating the challenges posed by a competitive market. This marketing proposal outlines a comprehensive strategy with extensive research, incorporating both primary and secondary data. The analysis will dive into the competitive landscape, market size, share and structure, target demographics, prevailing trends, external influences, and effective media options.

Marketing Objectives

A well-structured loyalty program can significantly enhance customer retention by rewarding repeat visits. Bean Street Bistro will introduce a point-based system where customers earn points for every purchase, which can be redeemed for discounts or free items. This program will include tiered rewards, encouraging customers to reach higher levels for more exclusive benefits, such as free drinks or special event invitations. To maximize engagement, the program will feature personalized promotions based on customer preferences and purchase history. For instance, if a customer frequently orders cappuccinos, they might receive a special discount on their next one. By making customers feel valued and appreciated, the loyalty program will not only foster repeat business but also encourage word-of-mouth referrals, as satisfied customers share their positive experiences with friends and family.

Engaging with the local community is vital for building strong relationships and fostering customer loyalty. Bean Street Bistro will host a variety of community-oriented events, such as coffee tasting sessions, brewing workshops, and themed nights that cater to different interests and cultures. These events create a welcoming atmosphere where customers can gather, socialise, and engage with the café beyond just purchasing coffee. Additionally, collaborating



with local artists, musicians, and businesses to showcase their talents during these events will strengthen ties within the community and draw in diverse crowds. By positioning itself as a hub for local culture and creativity, Bean Street Bistro will cultivate a loyal customer base that feels a sense of belonging and connection to the brand through creating new memories to last a lifetime.

In today's digital age, maintaining an online presence is essential for fostering customer loyalty. Bean Street Bistro will actively engage customers through social media platforms like Instagram and Facebook, sharing enticing content such as behind-the-scenes videos, customer testimonials, and interactive polls. This engagement not only showcases the café's offerings but also creates a platform for customers to share their experiences and feedback. Additionally, the café will implement an email newsletter to keep customers informed about new menu items, upcoming events, and exclusive promotions. By providing valuable content and maintaining regular communication, Bean Street Bistro can strengthen relationships with customers, ensuring they feel connected to the brand and encouraging them to return frequently.


Market Size, Share and Structure

The UK coffee shop market is one of the largest in Europe, with a projected value of approximately £4.3 billion in 2023. This growth is largely attributed to changing consumer preferences that favor specialty coffee experiences over traditional fast-food options. The market structure is characterized by a significant number of players, including chains, franchises, and independent establishments. Notably, the average of 21 new coffee shops opening each week illustrates the vibrancy and competitiveness of this sector. Understanding these dynamics will allow Bean Street Bistro to leverage existing opportunities and mitigate potential threats effectively. Market segmentation can be analyzed through various lenses, including geographical location, customer demographics, and product offerings. Understanding these segments will allow Bean Street Bistro to tailor its marketing efforts effectively, ensuring that they resonate with the right audience.

Target Market

The primary target market for Bean Street Bistro comprises young professionals aged 25 to 35, students, and local residents who prioritize high-quality coffee and a welcoming environment. These consumers are often seeking not just a beverage but a holistic experience that aligns with their lifestyle choices and a warming community feel. This research is 100% accurate as it was carried out by Bean Street Bistro. Secondary segments include tourists who frequent the city and older adults looking for a comfortable space to relax. Conducting in-depth interviews and surveys will provide valuable insights into the preferences and behaviors of these customer segments, enabling Bean Street Bistro to refine its offerings and marketing strategies.

Trends




Several key trends are currently shaping the coffee shop industry in the UK, which Bean Street Bistro must consider in its strategic planning. Increasing consumer awareness around environmental issues drives demand for ethically sourced and eco-friendly products. Bean Street Bistro can position itself as a leader in sustainability by emphasizing its commitment to quality and ethical sourcing of coffee beans. Many consumers are opting for healthier alternatives, such as plant-based milk options and organic products especially with a rise in veganism. By incorporating these choices into the menu, Bean Street Bistro can attract health-conscious customers and differentiate itself from competitors. The rise of mobile ordering and loyalty apps is also changing how customers interact with coffee shops. Embracing technology to enhance customer experience will be vital for Bean Street Bistro to remain competitive and relevant.

Competitors

The competitive landscape for Bean Street Bistro is marked by a diverse array of companies, including well-established coffee chains such as Costa Coffee, Black Sheep Coffee, and Tim Hortons. Costa Coffee operates over 2,600 coffee shops across the UK and is renowned for its extensive marketing campaigns aimed at increasing customer engagement. The brand has partnered alongside retailers like Marks & Spencer to enhance its image and expand its reach. Costa Coffee's pricing ranges from £2.90 to £5.50, offering a wide variety of snacks and drinks that cater to diverse consumer preferences. To effectively compete, Bean Street Bistro can focus on creating strategic partnerships and enhancing its own marketing visibility through targeted campaigns. Black Sheep Coffee is a newer franchise with 69 locations nationwide, distinguishing itself by selling premium coffee pods and ground coffee, along with branded merchandise and clothing through its online store. Their strong marketing messages highlight their unique flair, which resonates with consumers seeking authenticity and quality. Their pricing ranges from £1.30 to £6, allowing for a flexible approach that Bean Street Bistro could consider by diversifying its product lines and emphasizing its sustainability initiatives. Tim Hortons, a rapidly growing Canadian chain, boasts 75 locations in the UK and plans to open an additional 25 locations annually for the next decade. With a strategy that includes daily discounts and promotions encouraging multiple-item purchases, Tim Hortons appeals to budget-conscious consumers. To effectively compete, Bean Street Bistro should consider introducing similar promotional strategies, such as daily specials or bundled offers, to attract customers looking for value.

In light of this competitive analysis, Bean Street Bistro should implement several strategic changes to enhance its market position. Enhancing product diversity will involve introducing a broader range of products, including seasonal specialties and health-focused options. Strengthening marketing collaborations by forging partnerships with local brands or businesses can increase visibility and enhance the café's image, similar to Costa Coffee's collaborations. Implementing loyalty programs will encourage customer retention by rewarding repeat visits, akin to the initiatives of larger chains. Promoting sustainability will involve clearly communicating



Bean Street Bistro's commitment to eco-friendly practices, leveraging this narrative in marketing campaigns. Daily promotions, such as introducing specials or discounts, will entice customers and draw on the successful strategies of Tim Hortons.

Reliability and Validity of Data

In terms of the reliability and validity of the data used in this proposal, extensive research has been conducted through both primary and secondary sources. Primary data was collected through surveys and interviews with potential customers, ensuring that insights are directly reflective of consumer preferences and behaviors by the business themselves. Secondary data was obtained from reputable industry reports, market analysis, and academic studies, providing a robust foundation for understanding market trends and competitive dynamics. The accuracy of these data sources enhances the reliability of the findings, ensuring that Bean Street Bistro can make informed strategic decisions based on accurate and relevant information


SWOT Analysis

Strengths

Bean Street Bistro possesses several strengths that can be leveraged to enhance its market position. One of the primary strengths is its commitment to premium quality coffee. By sourcing high-quality beans and focusing on artisanal brewing methods, the café can attract discerning customers who appreciate the nuances of specialty coffee. This focus on quality not only differentiates Bean Street Bistro from mass-market competitors but also fosters strong customer loyalty as stated in the research report 53 individuals chose quality coffee as their primary reason for going to a coffee shop. Another significant strength is the café's emphasis on community engagement. By actively participating in local events and supporting community initiatives, Bean Street Bistro builds a strong rapport with customers. This community-oriented approach enhances brand loyalty and positions the café as a staple in the local area, encouraging repeat business with 49 people in the survey stating they go to coffee shops to "socialise". Additionally, Bean Street Bistro's independent status allows it greater flexibility in adapting to customer preferences and market trends. Unlike larger chains, the café can quickly implement changes based on customer feedback, enabling it to remain relevant and responsive in a dynamic market.

Weaknesses

Despite its strengths, Bean Street Bistro faces several challenges. One notable weakness is the potential for overpricing relative to competitors. While the café offers premium quality, higher prices may deter price-sensitive customers, especially in a market where many consumers are gravitating toward lower-cost options. To mitigate this, Bean Street Bistro should clearly communicate the value of its offerings, emphasizing the quality and sourcing of ingredients to justify premium pricing. Another weakness is the limited marketing budget compared to larger



chains like Costa Coffee and Tim Hortons. This limitation may restrict the café's ability to compete on the same scale in terms of advertising and promotions. To overcome this challenge, Bean Street Bistro should focus on cost-effective marketing strategies that maximize reach, such as social media campaigns and local partnerships. Finally, the café may face difficulties in achieving widespread brand recognition in a crowded market. With so many coffee shops vying for attention, Bean Street Bistro must invest in innovative marketing approaches that distinguish it from competitors and capture the interest of potential customers.

Opportunities

The UK coffee market presents a wealth of opportunities for Bean Street Bistro. With the rise in coffee consumption, which sees approximately 95 million cups consumed daily, there is significant potential for growth. The trend towards specialty coffee and unique experiences aligns perfectly with Bean Street Bistro's offerings, allowing the café to attract a wider audience. Moreover, the increasing consumer focus on sustainability provides an opportunity for Bean Street Bistro to position itself as an eco-friendly choice. By emphasizing sustainable sourcing and environmentally friendly practices, the café can appeal to the growing demographic of conscious consumers. Additionally, the shift towards digital engagement offers new avenues for marketing and customer interaction. By enhancing its online presence and utilizing social media platforms effectively, Bean Street Bistro can reach younger audiences and create a loyal customer base.


Threats

While there are numerous opportunities, Bean Street Bistro must also be aware of various threats that could impact its success. The competitive landscape is intensifying, with new coffee shops opening at an average rate of 21 per week in the UK. This saturation requires Bean Street Bistro to consistently innovate and differentiate itself to maintain its market position. Economic fluctuations pose another threat, as changes in consumer spending can impact discretionary purchases like coffee. During economic downturns, consumers may prioritize budget-friendly options, leading them to opt for larger chains with lower price points. Lastly, external factors such as regulatory changes and public health concerns can impact operations. Compliance with health and safety standards is essential for maintaining customer trust and operational integrity, especially in a post-pandemic environment.

PESTLE Analysis

Political

The political landscape in the UK plays a crucial role in shaping the operational environment for coffee shops like Bean Street Bistro. Government policies regarding food and beverage regulations are strict, ensuring that businesses adhere to standards that protect public health. This includes compliance with food safety and hygiene regulations mandated by the Food



Standards Agency. Additionally, taxation policies, such as VAT on food and beverages, directly affect pricing strategies and profit margins.

Changes in trade agreements, particularly in the context of Brexit, have introduced complexities in sourcing ingredients. For instance, any tariffs on imported coffee beans could increase costs, impacting pricing and supply chain decisions. Furthermore, political stability influences consumer confidence; during times of uncertainty, consumers may reduce discretionary spending, affecting sales in the café.

Economic

Economic factors significantly impact consumer behavior and spending power. The UK economy's overall health, reflected in GDP growth, inflation rates, and employment levels, directly influences how much consumers are willing to spend on non-essential items like coffee. Currently, rising inflation and a high cost of living may lead consumers to prioritize value, potentially shifting demand toward lower-cost coffee options or discount cafés.

Disposable income also plays a critical role. As people face increasing financial pressures, premium pricing strategies may need to be reevaluated. Bean Street Bistro might consider introducing loyalty programs or budget-friendly offerings to attract cost-conscious customers while maintaining quality.

Social

Social trends are evolving rapidly, particularly in the coffee market. There is a growing demand for ethically sourced and environmentally friendly products, driven by consumer awareness of sustainability issues. Many customers prefer brands that demonstrate a commitment to social responsibility, which could influence Bean Street Bistro's sourcing practices and marketing strategies.

Additionally, the rise of remote work has changed coffee consumption patterns. With more people working from home, there is a shift toward local cafés that provide a quality coffee experience outside of the traditional office. This trend represents an opportunity for Bean Street Bistro to cater to a demographic seeking a comfortable and inspiring environment for work meetings or casual gatherings.

Health trends are also shaping consumer preferences, with an increasing interest in plant-based options and organic products. Bean Street Bistro could benefit from expanding its menu to include vegan pastries, alternative milk options, and health-conscious beverages to attract a broader customer base.



Technological

Technological advancements are transforming the coffee shop experience. The rise of mobile ordering and contactless payment systems has become a consumer expectation, particularly in the wake of the COVID-19 pandemic. Implementing a user-friendly mobile app could enhance customer convenience and streamline operations at Bean Street Bistro.

Moreover, loyalty programs integrated into digital platforms can encourage repeat visits and foster customer loyalty. Utilising data analytics can help the café understand customer preferences and tailor promotions more effectively. Additionally, social media engagement is vital for brand visibility and customer interaction, making it essential for Bean Street Bistro to maintain an active online presence on apps such as snapchat or tiktok which have a younger demographic and could get younger customers and increase their audience to a wider range of younger ages.

Legal

Compliance with legal regulations is crucial in the food and beverage industry. Bean Street Bistro must adhere to strict health and safety guidelines to ensure food quality and customer safety. This includes regular staff training on hygiene practices and maintaining up-to-date certifications.

Employment laws also play a significant role in operations. Fair wage practices, adherence to the National Living Wage, and compliance with working hour regulations are essential to foster a positive work environment and retain staff. Additionally, understanding consumer


protection laws regarding advertising and product claims is vital to maintaining brand integrity.

Environmental

Environmental sustainability is increasingly important to consumers and can serve as a competitive advantage for Bean Street Bistro. A commitment to sourcing organic and ethically produced coffee can enhance brand loyalty among environmentally conscious customers. Implementing eco-friendly practices, such as reducing single-use plastics and utilizing biodegradable packaging, aligns with consumer expectations and can improve the café's public image.

Waste reduction initiatives, such as composting coffee grounds and offering discounts for reusable cups, can further demonstrate commitment to sustainability. By actively promoting these environmentally friendly practices, Bean Street Bistro can attract a customer base that values ecological responsibility and enhance its overall brand appeal.

Ethics



Ethical considerations are paramount for Bean Street Bistro as it seeks to establish a responsible and sustainable business model. The café must prioritize ethical sourcing of coffee beans and other ingredients, ensuring that suppliers adhere to fair trade practices that benefit farmers and promote environmental sustainability. Additionally, Bean Street Bistro should foster a culture of transparency, providing customers with information about the origins of its products and the environmental impact of its operations. Engaging in community initiatives and supporting local businesses will further enhance the café's ethical standing, demonstrating its commitment to social responsibility. By implementing these ethical practices, Bean Street Bistro can build trust with its customers and create a positive brand image that resonates with today's socially conscious consumers.

Conclusion

In summary, Bean Street Bistro is well-positioned to expand its market share through a strategic understanding of its competitive environment, target demographics, and emerging trends. By implementing the outlined marketing objectives and strategies, the coffee shop can enhance brand awareness, boost customer footfall, and ultimately capture a larger share of the local coffee market. This proposal serves as a roadmap for Bean Street Bistro to solidify its reputation as a premier coffee destination, driving sustainable growth and community engagement in the process. By leveraging the growing coffee consumption trends in the UK and adopting a comprehensive marketing strategy, Bean Street Bistro can effectively differentiate itself in a crowded marketplace, ensuring long-term success and customer loyalty.