

Press release: Allegra World Coffee Portal, Project Café2018 UK Report; [www.worldcoffeeportal.com](http://www.worldcoffeeportal.com)

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## UK COFFEE SHOP MARKET RESILIENT BUT BREXIT UNCERTAINTY HINDERS GROWTH

**The £9.6bn UK coffee shop market grew by 7.3% in turnover during 2017, making it one of the UK's strongest performing sectors.**

Project Café2018 UK, the definitive new report from Allegra World Coffee Portal, reveals that the total UK coffee shop market<sup>1</sup> added 1,215 stores over the last 12 months to reach 24,061, representing 5.3% growth.

### Industry Leaders Remain Optimistic Despite Brexit Concerns

The industry mood remained confident in 2017, with 71% of coffee sector executives interviewed by Allegra positive about the trading environment.

However, deep concerns over key Brexit issues, such as trade and jobs, remain – a climate reflected in dampened like-for-like sales and impeded outlet growth.

A lack of clarity over the UK's future relationship with the EU is a headwind for the industry, but while the fall in sterling has led to higher equipment and import costs, increased tourism and the popularity of 'staycations' has boosted sales for some.

### Branded Chains Deliver 10.5% Sales Growth to Record £4bn

Costa Coffee, Starbucks Coffee Company and Caffè Nero continue to dominate the UK coffee shop market, with 2,326, 956 and 675 outlets respectively. Together, the UK's top three coffee chains comprise a 52.9% share of the total branded chain market.

By far still the largest branded chain in the UK, Costa Coffee has been voted the 'Nation's Favourite' coffee shop for the eighth year in a row by Allegra's independent panel of consumers.<sup>2</sup>

Jason Cotta, MD for Costa UK & I: *"We're absolutely delighted to be recognised as the UK's favourite coffee shop for the eighth consecutive year. This fantastic achievement wouldn't have been possible without the support and dedication we receive from our partners and baristas, and it means a great deal having been voted for by our customers and industry peers. We look forward to inspiring even more customers to be as passionate about coffee and making coffee accessible and interesting for everyone."*

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<sup>1</sup> The total coffee shop market includes branded coffee-focused and food-focused chains, independents, and non-specialist players including supermarket cafés, department store cafés, retail shops with cafés, pubs, hotels, motorway service stations, forecourts and fast food outlets.

<sup>2</sup> The question 'What is your favourite coffee shop?' was asked of an independent panel of 3,065 coffee shop visitors, with 51% citing Costa Coffee as their preferred café.

## UK Remains the Model for European Coffee Shop Market

The artisan scene that developed in the mid-2000s has become widespread in the UK. The market is now entering a new era of exceptional professionalism and paves the way for European coffee shop development. Dubbed the '5<sup>th</sup> Wave, The Business of Coffee', this era sees high-quality chains adopting more advanced business practices to deliver boutique concepts at scale.

Specialised artisanal chains such as Gail's, Grind and Joe & The Juice gained momentum in 2017, all embracing the '5<sup>th</sup> Wave' trend to cater to more discerning and less brand-loyal millennials with premium-quality coffee and service.

## The Coffee Shop Market Outlook

Allegra anticipates the total UK coffee shop market will exceed 31,400 outlets, with a turnover of £13bn by 2022.

Allegra Group CEO, Jeffrey Young, said: *"The UK coffee shop market continues to be robust despite current challenges, laying down modest growth in 2017 amid severe concern over the Brexit impact on jobs and investment..."*

*"As the market matures and we enter the '5<sup>th</sup> Wave', we're seeing a new era of leading brands competing on excellence. Key players are sharpening their focus on customer experience to stay ahead of rivals. If leading coffee shops can do this successfully, the market will remain strong – it's time for the industry to dig deep and capitalise on the opportunities ahead."*

**\*\*Ends\*\***

## Notes to Editors

### Sources

- 150+ online and telephone interviews with CEOs, managing directors, senior
- 19,239 online surveys from the Allegra independent consumer panel, tracked across 12 months from October 2016 – September 2017
- 18,373 online surveys with UK coffee shop visitors and 3,065 online surveys from the Allegra independent consumer panel from September – October 2017



### Allegra World Coffee Portal

Allegra World Coffee Portal (WCP) is the global information platform delivering on the global coffee, café and related food-to-go sectors. World Coffee Portal provides data, reports, research and consultancy to help businesses make informed decisions and is the only specialist information platform for senior decision makers in the coffee industry. World Coffee Portal builds upon Allegra Strategies' nearly two decades of experience in global coffee market analysis.

<https://www.worldcoffeeportal.com/>

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