



Beyond the new normal

As the specialty cafe industry readies itself for 2021, it's time to start putting into practice some of the lessons learnt during an unprecedented last year. But what will that look like in the real world? **Tristan Parker** finds out by speaking to industry experts and independent coffee shop owners

15

Throughout the chaos of 2020, much was written, and read, about how the hospitality industry responded to the turmoil that a global pandemic and multiple lockdowns had caused to countless businesses.

Forced to adapt to entirely new methodologies, businesses responded with innovative solutions wherever they could, designed to see them through an unimaginably difficult period. But as people begin, tentatively, to look towards a near-future not wholly dictated by simply firefighting new sets of problems, the questions that the specialty industry asks itself are now different: what will independent coffee shops look like as we emerge into another new phase? What business lessons have been learnt? Can any of those innovative ways of working that appeared during lockdowns be carried over into day-to-day operating? Perhaps most crucially, how can businesses reinstall the same levels of revenue they enjoyed pre-pandemic?

Encouragingly, research suggests that consumers are still keen to return to coffee shops. While sales of drink-at-home coffee inevitably skyrocketed during lockdowns, a survey of 3,000 UK consumers by Allegra World Coffee Portal in August 2020 found that 55% of respondents had visited a cafe or coffee shop after the

first lockdown was eased, proving more popular as a leisure activity than visiting pubs, bars and restaurants, which were cited by 28% of respondents. Perhaps even more encouragingly, 22% of respondents made between five and nine visits to a cafe or coffee shop, demonstrating that repeat custom is still a routine for people, even after months away from that in-person experience.

Capitalising on this enthusiasm is crucial to remaining relevant and simply to stay afloat, for some. But it can be overwhelming trying to work out how best to respond to people's enthusiasm at a time when things change so rapidly and so frequently. The key is not to lose sight of the basics, says Peter Dore-Smith, Founder and Director of highly acclaimed central London specialty coffee shop Kaffeine. "The first thing you need to be doing right now is just making sure you're continuously providing excellent service. It's more important these days than ever, because now you're battling for every customer. Remember that you should open a hospitality business to look after people and make them happy."

Drilling down further, that means focusing on details like the quality of your ingredients, standards of service and how things are run in the back-of-house from an administration point of view, including your financials, says Dore-Smith. Will this re-awakening >



of base values produce a specialty coffee shop model that feels different to that of recent years? The consensus seems to be that there will be new ways of operating across the board – for example, whittling down of both coffee and food menus. However, many experts also predict that most customers will initially want to return to familiar territory when something approaching ‘normal service’ does resume, but with some caveats.

For example, far from grinding to a halt amid retail shutdowns, the increased interest in coffee origin and ethical purchasing that had been growing throughout 2019 has continued to remain a priority for consumers, as research by Volcano Coffee Works in September last year shows. Volcano’s 2020 Coffee Report found that 63% of respondents (from 1,000 UK coffee drinkers) were willing to pay more for coffee if they knew it benefitted growers, while 85% expected businesses they buy from to behave sustainably and ethically towards people and the environment.

This means that while cafes can, and should, look at refining their offering during 2021, everything in that offering needs to be of high quality and sourced with responsibility in mind. Serve less, but serve better, essentially. Making changes like these should be achievable for most specialty shops, and it’s this flexibility that proved such a key strength during lockdowns, keeping many cafes in business throughout the disruption. This ability to react will continue to be a cornerstone of the independent cafe model during 2021 and beyond, giving specialty cafes a distinct advantage over chains, as Dore-Smith points out: “The benefits

of big business is that they have funding and people behind them. But the benefit we have is the ability to move and change things a lot faster, and adapt a lot more easily than the big players can.”

Another factor that will help shape how – and perhaps if – independents operate during 2021 is location. As working habits changed throughout 2020, hordes of people moved out of city centre offices and out of offices altogether, working from home and supporting their local coffee shops in the process. As a result, many neighbourhood cafes weathered the storm far better than most could have imagined at the outset, while city centre independents found it harder to claw back lost trade. But with so many experts cautiously – or boldly – predicting the return of the high street, it follows that centrally located offices, and the coffee shops that fuel them, will start to play a bigger part in daily life once again, even if the jury is still out on exactly how it will look. As Dore-Smith points out, “Office owners will find ways to fill their buildings and that model will come back eventually.”

However, he also explains that location isn’t always relevant when it comes to running a cafe as effectively as possible. The goal, he says, is to focus on becoming the highlight of your area. “Aim to be the best coffee shop experience within your local area, whether that’s in central London or a neighbourhood. Focus on service and make it so your customers don’t want to go anywhere else, meaning you’re the number one choice for people in that area. If you do that, eventually it will spread out and you’ll start becoming the best in a bigger radius. That will lead to people coming back to your shop, continuing to grow your revenue.”

Strange as it may sound, there is actually much for specialty cafes to be positive about when looking to the future. There is still a huge degree of uncertainty in that future, but if 2020 did anything, it was surely to normalise previously unmanageable levels of uncertainty. And with uncertainty comes a wave of possibilities that cafe owners can absolutely make the most of, rediscovering core values and accelerating their business along the way. “Now is a really hard time for everyone,” says Dore-Smith, “but it’s also the time to look at every aspect of your business. This is your opportunity to really make a mark and say, ‘Yes, I am going to come out of this and stay strong.’”

To help specialty cafes on this journey, we asked the experts what owners and operators can do to future-proof their business. We also quizzed them on what trends we’ll see in independent coffee shops during 2021 and about their own experiences of running a business during an explosive year.

“THE BENEFIT WE HAVE IS THE ABILITY TO CHANGE THINGS A LOT FASTER THAN THE BIG PLAYERS CAN”

PHOTOS LIZ GREGG

CREATING A BUSINESS STRATEGY

Emma Loisel, Co-founder and Chair of Volcano Coffee Works

Extensive business management experience across a wide range of sectors – including previously at KPMG and currently at roastery and specialty cafe brand Volcano, which she co-founded – has given Emma valuable insight into how businesses can successfully adopt new models and strategies



What we learnt from the pandemic was that you need to be able to adjust really quickly, but also that you need to take the position of the consumer. The power of the consumer is the unsung hero of this whole turbulent time, because they will decide the businesses that are in our economic futures. Consumers have found their voice through their spending power and we’ve seen an increase in people wanting to be associated with ethical brands and businesses that align to their values.

What cafes need to do now is go beyond the product. They need to sell their values and their ‘why’: why should customers come here and not stop at a high street chain? Now is the time for businesses to sit back and say, ‘What do we stand for?’ It’s easy for us to become obsessed with the coffee and think that’s all it’s about, but consumers now want more. They want to know the story, they want to know the origin and they want to say, ‘I support and engage with brands that believe in what I believe

in.’ Before the pandemic, if you looked at the measurement of a good business it was all about being really good at one thing. Now we’re seeing that, actually, diversification is power, it’s your security. You need multiple revenue streams, so that if one goes down you lean on another. And being able to make these quick decisions means specialty cafes have a great opportunity. For example, one of our cafes stopped its food offering completely during the first lockdown, because we just didn’t have the supply and the volumes. The outcome was that we made a lot more money selling just coffee. We’d never realised that less was more. It’s this ‘fast fail’ that businesses need to get the into the mode of, which is another thing we’ve learnt recently: try something and if it doesn’t work, change it and change it quickly.

Now is absolutely the time to experiment. As well as looking for brands to align with, consumers also understand that nothing is like it was before. It’s interesting that we tend to believe that >



GETTING YOUR FINANCES RIGHT

Anya Marco, leading coffee market expert

With over 20 years of experience in the coffee industry, including working as Executive Director of Allegra World Coffee Portal, Anya is well-placed to discuss how businesses can work towards financially future-proofing themselves after an unimaginable year

Normally in a recession, cost management is the first thing that comes to mind for businesses, but because everything that happened last year felt so sudden people didn't even have a chance to think about cost-cutting. Not because it wasn't a priority, but just because these businesses had so much to get their heads around: putting screens up, changing the configuration of the shop, working out whether you can put tables outside... They probably had to actually add to their costs with things like screen installations, PPE and hand sanitising stations.

So, the start of 2021 is a time to ask yourself how you can protect your costs in the future and how can you further reduce expenditure, even though a lot of businesses may already be near their best-cost scenario, because they might have had to do this in other recessions.

But one thing I would suggest is to go back through the last year and look at who supported you the most as a supplier. Specialty coffee is always going to be more expensive than commodity-grade, but are there roasters out there that have good quality coffee that costs a little less? Are there suppliers in your local community who still have specialty grade, but which is maybe a bit less expensive because they're smaller?

Look at a list and find out which suppliers are offering smaller businesses and independents in the specialty sector a good deal. It's very easy for small businesses to fall into the trap of getting everything from one place, but you may cut costs by going direct to other suppliers, even if it takes a little time to look into.

Something else that owners need to think about is the consideration around staff costs, and this is where I think we as an industry, and as consumers, need to stand behind our specialty industry, because they pay staff more than in other areas of the sector. That's really important, as we need to encourage the sector to continue to grow, particularly on an employment front, so that we can improve circumstances for the coffee industry and hopefully push up the chains in terms of what they're

paying. No-one wants to cut those people costs, so that's why it's important to look at all the other areas. We need to be careful about where we encourage cost management, so that we don't lose what's actually the heart of the sector. That's the balance you have to strike as a specialty operator – the cost of your coffee and the cost of your people will always be higher than everything else.

Another thing to look at is building a relationship with your landlord. It's important to use this time as a means to really protect yourself in any way possible, and conversations with landlords, as tricky as they can be, are a must in order to do that, as rent is one of the biggest costs. If you're in a position where you can get out of a lease and find a better landlord, that can be really useful. If you're tied in to a set lease, you can still tell your landlord you'll be moving on at the end of the set period unless they can be helpful to you. It's all about negotiation, which is horrible to do, but ultimately, most business-minded people do respond well to transparency and conversation, rather than clammings up.

Also look at what you have in your offer that isn't selling. You don't need 3,000 flavours of muffins – you don't even need to have muffins anymore. I think in the future we'll see better-curated food offers, which cost less for the operator, but actually give the consumer a much better experience.

If you can be clever with a reduced number of ingredients, you'll offer the familiar and also a little bit of newness to consumers, and you also keep costs low. If you have to have a large number of ingredients to be experimental, then you won't be able to keep going. There are ways of having a stripped-back offer, but without being stark and boring about it.

And that's where the specialty sector has this agility that's so useful. That's really vital in thinking about how you future-proof – how agile and how well you can pivot your business, while remaining true to your values and true to your brand. > anyamarco.com

18 because we've done something before, we should keep on doing it, when in fact, the pandemic has shown us that all bets are off. There are business models we've all been mulling over in our heads, but everything that happened in 2020 has given us time to stop and think, and say, 'Well, it's okay to try this, even if it doesn't turn out exactly as we thought.' Classic business is changing, and the good business metrics of yesterday aren't the good business metrics of today.

I'm a great believer in asking the customer and asking my people what they think on where we should be going, as a lot of knowledge will already be in your organisation. As business owners, we're so busy leading that we sometimes forget to turn around and say, 'Hey, guys, what do you think we could do differently and better?'

Specialty coffee is such a collaborative industry and I really see that as one of our superpowers. For us to really deliver what we all believe in – ethical trade, improving farmers' livelihoods, etc – we'll only really move the dial if we work together. That's why Volcano has said that we'll open up all our documentation on how

we became a carbon-neutral business, if anyone wants to find out how we did it and follow that example.

In terms of trends in cafes, I think there's absolutely going to be more of a reliance on takeaway and retail. Everyone will need those diversified multiple revenue streams, things that give you more opportunities to broaden your revenue – even things like hiring out your shop to offices for meeting and event space at evenings and weekends.

But as much as we can try to predict what's going to happen next, it's almost pointless in some ways, because no-one really has any idea! Yes, we can look at trends, but part of the resilience that cafes need is being able to live with the unknown, and being able to react and respond, while still having a vision of what you're trying to be, whether that's a cafe servicing the needs of the local community, somewhere that sells groceries or just somewhere that makes really good, fast coffee. The businesses that survive are the ones that are brave and not afraid to lose some of the battles to win the war.

volcanocoffeeworks.com

“DIVERSIFICATION IS POWER, IT'S YOUR SECURITY. YOU NEED MULTIPLE REVENUE STREAMS, SO THAT IF ONE GOES DOWN YOU LEAN ON ANOTHER”

THINKING OUTSIDE THE BOX

Rob Dunne, coffee consultant

Rob specialises in creative coffee consultancy, after working as a founding partner at Old Spike Roastery, the senior general manager at TAP Coffee and co-opening a coffee shop, Protein by DunneFrankowski

The most important thing is to be efficient, but one of the common problems with specialty and independent cafes is that they're often inefficient, which comes down to purchasing and waste.

What cafes should start doing is looking at their numbers, looking at what they do well with, cost-wise, and looking at what sells best. Listen to your audience and focus on producing more of the products people like, and start cutting down on potentially loss-leading products you're buying in. I've always been one to say 'no' to buying-in fresh pastries, because sometimes you can only get 40% or 50% back from what you purchased. Learning how to make some baked goods yourself is really useful, even simple things like traybakes or brownies.

Another direction is to turn your business into something that facilitates an evening service. If you're paying rent on your cafe for every day of the year, take advantage of that and start producing a product that fits into evening services, like pizzas. Some cafes have bought alcohol licenses in order to retail alcohol, which can work well. And then there's subscription coffee, which you can set up easily with something like Shopify. You could also bottle cold brew and iced lattes – a lot of companies have added new products to their existing line, but the focus will come down to online sales.

If you aren't structuring your website to a basic level, so that it's being pulled up via searches and locality, you're already at a disadvantage. So, business owners should really consider applying a shop to their website and then making sure it's in sync with Google Analytics. Do some basic research on SEO and keywords, and then apply that work to your own website.

I would also suggest doing some research into marketing. In terms of marketing on a free level, speak to your audience, as it



can create huge successes. Open dialogue with your customers and then work on becoming a bit more 'human', on having a real personality versus a logo and an interaction in a shop. Find out what your company's voice is.

Another idea is to think about doing a deal with a roaster to self-brand. It's about producing your own product that is better than the norm and focusing on it: know what you're good at and then get better at it. Then you can increase your price, and then hopefully you'll sell more.

Cafes should also be working on offering faster service.

Instead of one-in, one-out when you're offering takeaway coffee, why not have someone taking orders from the people queueing outside, and have someone else taking payment while the barista's producing their drinks? No cafe that uses 200ml jugs to make one drink has any understanding of efficiency. Buy yourself a 700ml milk jug and make three drinks at once. If you want a better business, start making your drinks a bit more promptly. You can still have the exact same quality – espresso is not decayed by the time you pour the milk on top for a flat white, latte or macchiato. There's also no problem with pulling shots without knowing what milk is going to go on the shot. You can speed up your espresso process and speed up your milk process as well.

I think we'll be seeing cafes with less product but of a higher quality. And that doesn't mean higher costs, it means paying attention to what you have been purchasing to resell, and only buying in what you need. If you can't make it yourself, spend more on the best out there, price it appropriately and then market that and don't be afraid to say, 'We're selling what we think is the best cinnamon bun in the city'. People will vote with their purchasing. [instagram.com/robdunneit](https://www.instagram.com/robdunneit)

“IF YOU CAN'T MAKE IT YOURSELF, SPEND MORE ON THE BEST OUT THERE THEN PRICE IT APPROPRIATELY”



RISING TO THE CHALLENGE

Ross Brown, owner of Browns of Brockley and St David Coffee House, London

After opening Browns of Brockley in south-east London in 2009, Ross bought and re-opened St David Coffee House, several miles away, last summer. Here, he talks about the challenges faced and lessons learnt from opening a cafe during a year of upheaval

We were going through the initial process of buying St David in early 2020, but when the first lockdown happened, things fizzled out. Then, when we reopened Browns in the summer it was quite busy, and by that point I felt like I had a clear enough picture of what was going on and what I thought would happen, short and medium-term. At that point we got back in contact with St David and told them we still wanted to go ahead.

We managed to open St David quite quickly, in August. There had to be a separate health and safety plan, but we had already made one for Browns, so most of that hard work and the learning had already taken place. We put screens up everywhere, so that the staff and the bar are completely detached from customers, and then we put in a one-way system – again, we'd done that at Browns earlier. We only offered takeaway, with quite a limited food menu. Having all these measures in place made it much easier when we went into the second lockdown. I wanted to do something that allowed us to know where we stood for, say, six months to a year, and then we can evaluate it again at that stage.

From a business point of view, takeaway only makes sense and it's profitable. We've basically stripped back to selling just the things that make us money, but it's hard in other ways. You don't get to speak to your customers in the same way, which I miss.

It always made sense to me to be based in a neighbourhood. That's why we went ahead with St David, because I think people are going to buy in to their neighbourhoods even more. They're

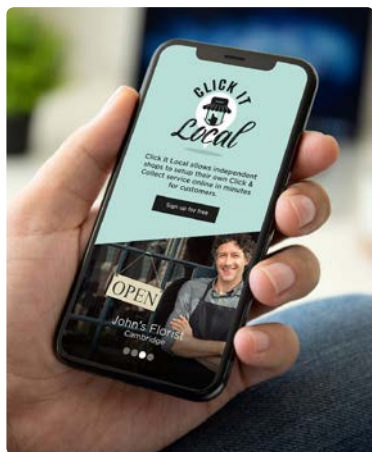
going to work from home for longer and they'll be around those areas more. We did a huge flyer drop for both St David and Browns last year, putting flyers through people's doors in the neighbourhoods, which then gave them a free coffee. The flyers were compostable and the material had seeds in it, so if people didn't want the free coffee, they could just tear up the flyer, plant it and grow some flowers.

It was an expensive thing to do and I didn't want to suggest that we can just give our coffee away without thinking about it – we're not into discounting or loyalty cards or things like that – but the flyers just made sense. Most people were in their homes a lot of the time and we wanted people to come to our shop – what's the best way of doing that? Give them something for free, which highlights what it is we do and what we would like you to come and try. People haven't lost anything if they come in and try your shop, apart from their time.

In terms of advice for other cafe owners, the one thing I would say is just to be present in what you're doing. I'm a huge advocate for specialty coffee – we always try and do a great job and I don't want to distract from that at all – but the most important thing is the people that walk through your door. I strongly believe in the physical aspect of the customer in our shop and that they should have our attention. That's all that really matters, making those relationships with people because they're your actual customers. stdavidcoffee.com

PERFECT PRODUCTS

Equip yourself to start 2021 in the strongest position possible with these innovative and life-simplifying products



CLICK IT LOCAL

With so many consumers striving to support local businesses at the moment, why not utilise that spending power and make it as easy as possible for people to purchase from your cafe online. Click It Local allows users to search through and buy from multiple local retailers in their area on one platform, offering same-day delivery or click-and-collect. Businesses can offer as many products as they like and there's no subscription or setup cost, just a flat fee on sales. Plus, you can interact with customers through video chats. clickitlocal.co.uk



HARIO TEA DRIPPER LARGO SET

With all the talk of what coffee and coffee shops will look like in 2021, it's easy to forget about tea. Jog your memory with this ingenious device, which is based on the principles of the company's ever-popular V60 coffee dripper. Simply place your loose-leaf tea of choice and hot water into the top bowl, leave to brew, press a button and the tea then runs slowly down into the base bowl, ready for serving. It's perfect for giving hardened tea drinkers something a little different, and it's bound to attract the attention of curious customers wanting to try something new. hario.co.uk/products

RHINO COFFEE GEAR CUPPING SPOON AND BOWL

Do cupping properly with this smart set.

The curvature, depth and balance of the spoon have been designed to allow effective skimming and it's constructed of stainless steel for durability and to avoid taste contamination. The ceramic bowl retains heat to keep coffees hotter for longer, while the inside is painted black, in order to stop you being visually influenced by the colour and clarity of what you're drinking, instead focusing on the flavour and aroma. Simple, but clever.

rhinocoffeegear.com



KURASU ORIGAMI DRIPPER

Made with Japanese Mino porcelain, this exquisite dripper not only looks fantastic but will give baristas ultimate control over their coffee. The shape and design of the ridges enable optimum air space between the dripper and filter, which regulates the dripping speed. Pair it with Kurasu's wooden holder, designed to prevent heat loss, for a stylish combo.

kurasu.kyoto/products

