

Specialist coffee shops in Australia see vigorous expansion

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Specialist coffee shops in Australia are becoming a lucrative sector, as a result of a growing coffee culture and increasing franchising opportunities, according to a new report by Euromonitor International – “Consumer Foodservice in Australia”. In 2004, the number of outlets in Australia grew by 25%, the number of transactions through coffee shops grew by 7% and value sales grew by almost 29%.

Australia's strong coffee drinking culture has heavily influenced growth in specialist coffee shops, especially among the younger generation. Coffee drinking has become an integral part of the modern lifestyle in Australia and specialist coffee shops have become more than just a place for coffee. Increasingly, coffee shops serve as places to meet for business and pleasure - a location for peace and quiet away from home and office. It has also become apparent that consumers are willing to pay more for an interesting view. This resulted in strong growth in the number of specialist coffee shops located in places overlooking parks and gardens, the beach, and main thoroughfares.

The major chains and many of the independent specialist coffee shop outlets that operate in Australia also engage in promoting premium varieties of coffee by educating their customers about the different coffees that are available. This strategy has led to increased sophistication among coffee drinkers and accounted for the disproportionate rise in the value sales of specialist coffee shops, compared to the number of transactions in 2004.

The popularity of franchising as a business opportunity in Australia has also had a significant impact on the number of chain specialist coffee shops, such as Gloria Jean's and Coffee Club, which expanded mainly through franchising. Euromonitor International's research shows that the Gloria Jean's chain had the largest increase in outlets in 2004, thereby boosting its market share from 28% in 2003 to 37% in 2004. The company is also planning to expand its operations globally.

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