

# Cafés/Bars in the US

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The 4% current value sales growth in cafés/bars across the nation was the highest since 2007 as these establishments became more and more conducive to longer stays and higher bills. In addition to the recent Starbucks acquisitions of Teavana teas and La Boulange bakery products (which had yet to actually be rolled out in their branded outlets by the end of the review period) companies like Caribou Coffee were eager to introduce a variety of grilled sandwiches aimed at the lunch crowd.

Small cafés, in an effort to compete with the bigger brands followed suit. Even juice/smoothie bars began to offer foods like flatbread sandwiches and pizzas in addition to increased varieties of their juice and smoothie blends. These shops, in which consumers have long been accustomed to loitering in, now offer more options for those that do not just want a coffee or a smoothie. By adding teas, juices, sandwiches, and baked goods, they stoke sales by encouraging consumers with different tastes into the store and by keeping them there with appetising food which, in turn, makes them even thirstier.

## COMPETITIVE LANDSCAPE

Cafés/bars in the US continued to be closely dominated by one major player in 2012, which was Starbucks. Not only did the company account for 23% of the foodservice sales share with US\$10.3 billion (including franchisees), but it also accounted for 16% share of outlets in 2012 with 11,189 locations nationwide. Starbucks Corp operates two specialist coffee shop brands, Starbucks and the much smaller Seattle's Best Coffee chain. The next closest competitor in sales, Jamba Juice, only accounted for 1% of the sales share and 2% of the outlet share for the category.

## PROSPECTS

Over the forecast period, cafés/bars in the US is predicted to rise by a 3% constant value CAGR to achieve US\$50.7 billion in foodservice value sales in 2017. As independents and chained operators alike attempt to continually grow their businesses, the draw of offering more types of food in traditionally beverage centric establishments will only increase. Not only does this give them an opportunity to expand into different day parts as Starbucks has with its aptly titled Starbucks Evenings, but it encourages increased consumption of their beverages, a synergy that any chain would be unwise to ignore.

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