

Entrepreneurship With a Coffee Aroma

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THE BUSINESS PLAN

Constanza Flores López is a teacher who has practiced her calling for about 30 years, and who has decided to retire to achieve one of the goals that she has been putting off for years: to open her own business. She is projecting to withdraw a part of her savings and she wants to plan how and where to start.

Constanza had no doubts about the type of business she wanted to undertake, a coffee shop, and she embarked on the task of investigating where she could establish it; she didn't know whether the city of Tepic was the best option to develop her idea. Her first approach was navigating through the data bases published annually by the Ministry of Tourism.

In her research she found interesting data which could make the difference and be a guideline regarding the city that could be the option to invest in her business, as well as some context regarding the coffee business.

Recently, Constanza traveled to a *Magic Town* located in Nayarit, and there she went to a coffee shop with an unusual concept. The place had a rustic decor, with different coffee flavors and delicious aromas, and the best of all: Pet Friendly; she immediately thought: “Enjoying an afternoon coffee with your best friend! Not bad at all!”.

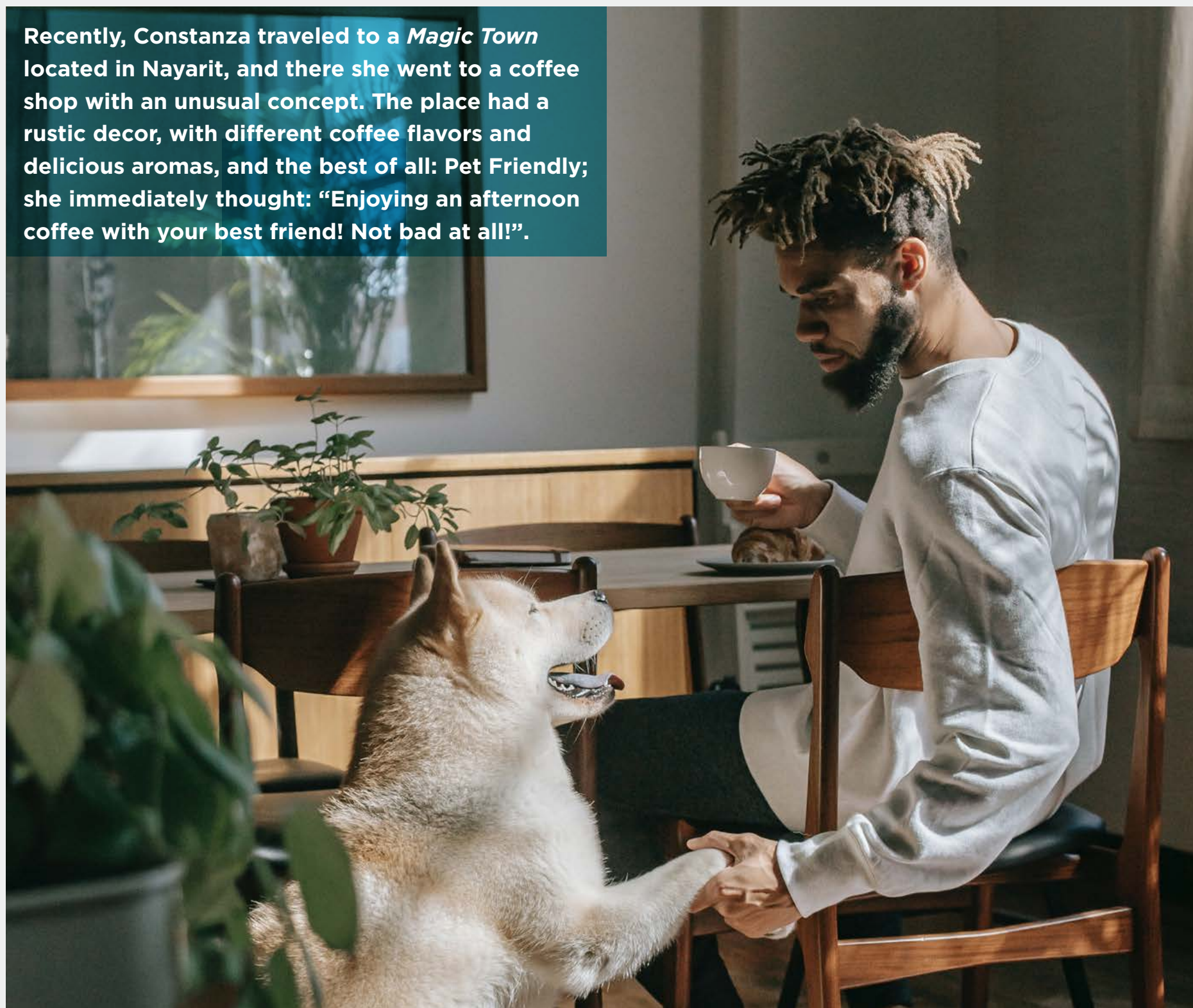


Image. Zen Chung in Pexels, 2022.

COFFEE CONTEXT IN MEXICO

According to ©Euromonitor, in a study made in 2020, coffee production increased 4% compared to 2019. Similarly, the change of habits and consumption in 2020 brought about an increase in the consumption of capsule coffee, because of the need to be at home. The strategy of some companies (such as *Herdez*) has been to buy coffee shops such as *Cielito Mío* to diversify the products they offer to their customers and be able to compete with Punta del Cielo and Starbucks. Nespresso, for instance, has invested in seven million in boutiques, and

they are aiming at expanding their business in the following years.

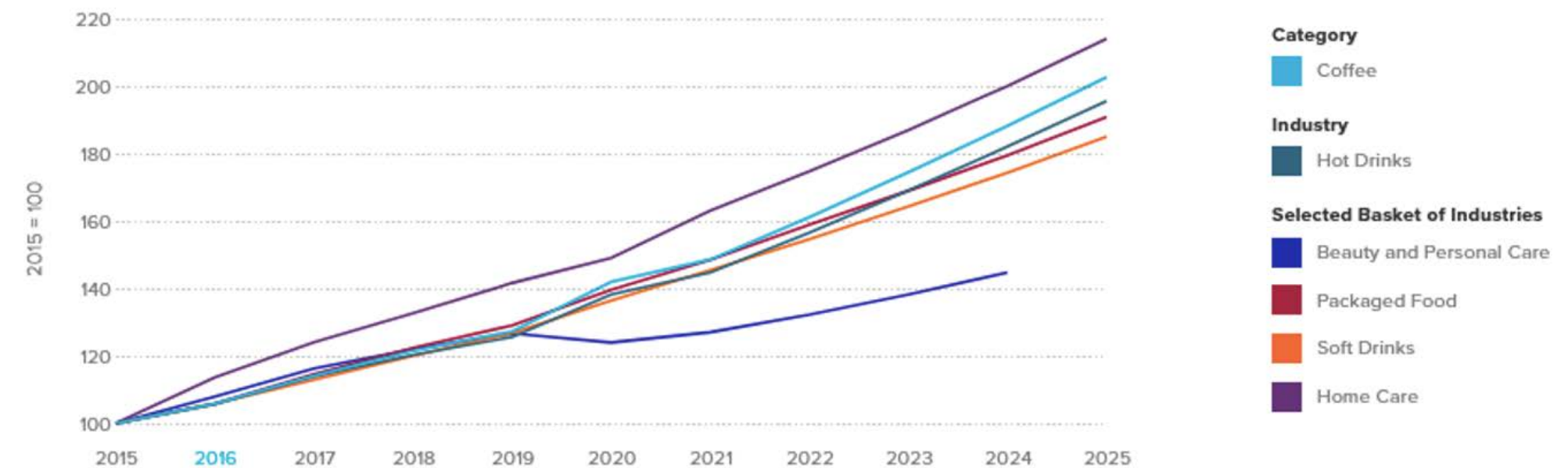
When comparing the high turnover ba-

sic products, such as personal items, packed food, beverages, and cleaning products, coffee is on the rise, and it is predicted that its market will have a healthy increase.

COMPARISON BETWEEN THE COFFEE INDUSTRY AND OTHER SECTORS

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Coffee vs Selected FMCG Industries



TOURISTIC ACTIVITY IN MEXICO

Datatur⁺ makes an annual review to report the national touristic activity. Hotel occupancy has had a variation due to the Covid-19 pandemic. In 2019 the occupancy rate was of 63%, but the following year there was a 55.9% decrease, coming to a 29.8%. 2021 shows a 55.9% in hotel occupancy, that is, there has been a 26.1% increase compared to 2020.

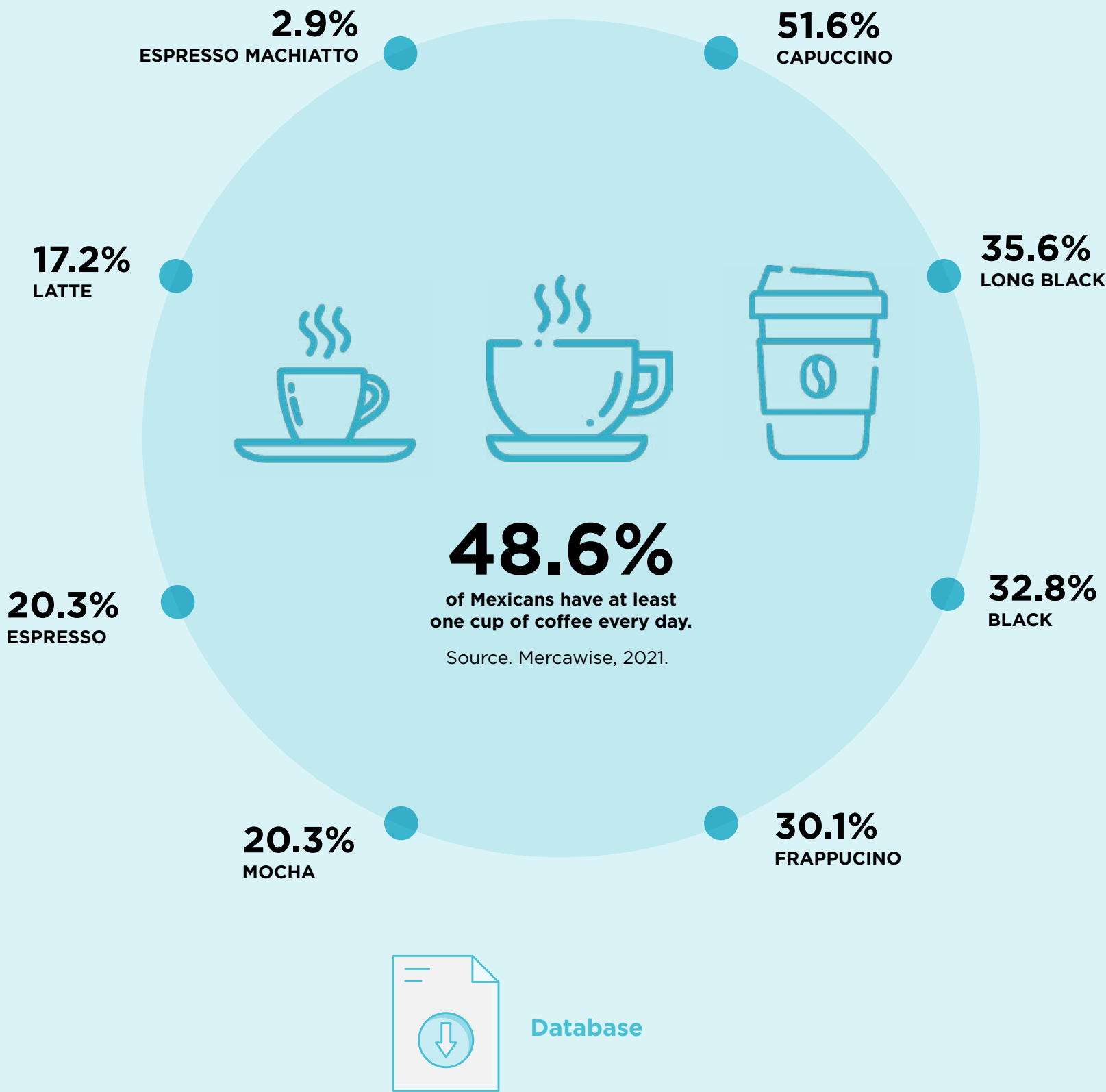


In the context of *activities in touristic centers*, there has been an increase in most of them, as stated by *Datatur* (2021) in their market research⁺. According to this information, travelers' favorite destinations are in coastal areas; nevertheless, the coffee business does not only target tourists but local consumers too.

For the Mexican community, a cup of coffee can be accepted and always valued, early in the morning to start the workday, while checking e-mails; it can also be a good reason to get together with peers and friends, or at the end of a good meal, or while having a good conversation.

Other products that people usually have at a coffee shop, though at a lower rate, are beverages such as tea, chocolate, and frappé, and sweet snacks such as cookies, crepes, and muffins, among other pastries. In average, consumers spend 60 pesos (MXN) when they visit a coffee shop, and 84.9% pay in cash.

Images. Andy Horvath and Freepik in Flaticon, 2022.



DECISIONS

After conducting her research, Constanza decides to check the consumption preferences of her local community and makes a list of questions that she asks as a survey. The idea is to understand the behavior of coffee consumers more accurately. Based on the survey Constanza wants to answer the following questions:

- Is coffee consumption believed to have changed, that is, to have increased through time?
- Has the consumer's average spending increased?
- How do people prefer to pay for their consumption at a coffee shop today?
- How likely is it for a customer to pay in cash for coffee?
- Which is the expected value of coffee consumption, from a randomly selected customer?
- Which is the average spending of a possible coffee consumer?
- How have coffee sales behaved through time in big chains?
- Is it profitable to open a coffee shop in today's context?
- Are there different aspects between city and coastal consumers?
- Are there any advantages by choosing a touristic center?

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