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Analyzing Social and Economic Impact of Coffee Shops from Micro and Macro Perspectives.

Author: Curocichina Ana

Programme: Tourism and Catering BA/BSc , full-time

Specialization: Commercial Hospitality

Supervisor:

Dr. Debrecei János

Assistant Lecturer

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Declaration of originality regarding the Dissertation

Student's personal data						
Name, Neptun-code:	Curocichina Ana	C	V	J	8	Q N
Data of the dissertation						
Title of the dissertation:	Analyzing Social and Economic Impact of Coffee Shops from Micro and Macro Perspectives.					
Name of supervisor:	Dr. Debreceni János					

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Curocichina Ana

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1. Introduction

Contemporary urban life has changed many different fields of people's life bringing its fostered speed and endless innovations to the table, in just 10 years the concept of a coffee shop has increasingly changed. From places where people just grab their morning drink they evolved to social hubs, community pots and co-working areas, which are very often replacing offices for millions of people. The recent change in the general approach of coffee shops, has brought many impacts to the hospitality sector, as well as to the social and economic development of the urban cities. Originally centered on the sale of beverages, today's coffee shops represent a rising segment of the hospitality industry that plays a significant role in shaping both community dynamics and local economies. Their hybrid nature also raises important questions regarding sustainability, accessibility, and long-term economic resilience, making coffee shops a relevant subject for current academic debate and practical policy considerations. Their growth is closely connected to changes in consumer behavior, work culture, sustainability trends, post-covid consequences, and the desire for formal, yet meaningful, social environments.

This research is based on personal and statistical findings, work experience and interviews with both owners and customers, proving that coffee shops are not just commercial entities, but active contributors to the community building and urban life with a big economical potential by the fact of people connection in the informal atmosphere. In particular, their role as inclusive public spaces positions them uniquely within the framework of the "Third Place" concept - introduced and described by Ray Oldenburg in 1989. His work is concentrated on the idea of environments that support social interactions outside of home and work. At the same time, coffee shops function as engines of small-scale economic activity, innovation of the entrepreneurship, and localized growth. With recent trends based on coffee shop business, many large-scale impacts were done, which will be particularly analyzed in this research. The motivation for this study is grounded both in academic curiosity and personal experience within the coffee shop industry. Observing how connections formed in these environments often extend beyond casual interaction into collaborative and even entrepreneurial ventures raises important questions about their broader impact on modern society. This thesis seeks to investigate the extent to which coffee shops serve as catalysts for social cohesion and economic development and analyze the change in consumer behavior over the past decade, interviewing both sides on the industry: demand (coffee shop owners and entrepreneurs) and supply (customers and visitors). By analysing coffee shops as both economic actors and social infrastructures, this research contributes to a deeper understanding of how small hospitality businesses collectively influence the evolution of urban culture and local development.

Central Research Question of the thesis:

How do coffee shops contribute to social and economic development in the modern society, as seen both from micro and macro perspectives?

Research questions:

1. How are the coffee shop customers adapting to the modern trends in the hospitality industry?
2. How do coffee shops influence local culture and contribute to the evolution of urban life?
3. What economical outcomes can be created by coffee shops besides the traditional inputs of a hospitality entity?
4. What are the key factors driving the choice of the coffee shop for a customer? (demand side)
5. How the coffee shop owners are creating the ground for social interactions and what are their key drivers? (supply side)

Practical use of the topic:

This work is situated at the intersection of hospitality, sociology, and economic studies. By analyzing coffee shops as spaces of both consumption and community, the research provides valuable insights into how small-scale businesses can play a broader role in shaping social infrastructure and economic resilience. It can prove to be useful in different areas, the key ones would be:

1. Entrepreneurship and business models development: as the hospitality world is developing quite fast, it is valuable to be updated on the recent trends and industry insights.
2. Social studies: it contributes to the understanding of the community formation and broadens the concept of the 3rd place theory, overviewing it in the modern context.
3. Policy-related: the study highlights the significance of the small hospitality businesses proving that it contributes to social, economic and urban development of the town, setting the ground for the community to connect and grow. The insights and results of this work can be useful in the future processes of policymaking, potentially helping the outcomes to be supportive towards business owners.

2. Literature Review.

2.1 Coffee Business Today: Recent Trends in the Hospitality and Coffee Sector.

In the past decade, coffee business has undergone a significant transformation, featuring sociocultural changes, consumer preferences, sustainability initiatives and technological innovations. Coffee shops are no longer perceived as just places for beverage consumption, but as multifunctional social hubs with growing economic and community significance (Ferreira et al., 2021). The industry is growing day by day, setting up new trends for both entrepreneurs and customers. Modern coffeeshops serve as hubs for creativity and self-expression (Woldoff et al., 2013).

The evolution of the coffee shop industry cannot be understood without the consideration of the broader context of global lifestyle changes and the redefinition of public space in contemporary societies. As urban populations grow and digitalisation integrates in every field of human's life, individuals actively seek environments that provide both stimulation and comfort – needs that modern coffee shops are uniquely positioned to meet. At the same time, competition within the hospitality sector has become more intense, pushing coffee shops to innovate continuously. The rise of social media platforms has reshaped how venues communicate their values and identity, as well as how customers perceive and evaluate their experience. This phenomenon is also closely tied to the shift toward “experience consumption”, where value is derived not only from the product itself but from the emotional and aesthetic qualities surrounding it (Pine & Gilmore, 1999). Aesthetic design, menu diversity, and brand storytelling have become as influential as product quality in shaping consumer choices. Taken together, these developments demonstrate why modern coffee sector is one of the most dynamic areas within hospitality. It operates at the crossroads of culture, technology, sustainability, and consumer psychology, making it an ideal lens through which to study broader societal trends.

After the detailed study of the selected literature, numerous hours of real-life observation and conducted interviews, 8 common innovative trends can be highlighted, they have changed the traditional perception of a coffee shop forever. Starting from the initial growth of specialty coffee beans and its integration in more than 70% of independent cafes, analysing the customer preferences and their impacts on the worldwide production and supply chains, continuing with post-Covid-19 consumer behaviours altogether with shifts in space perception, the marketing strategies, used to promote modern businesses – the following subchapters explore these trends in detail, demonstrating how they collectively contribute to the redefinition of the modern coffee shop experience.

2.1.1 Growth of specialty coffee and third-wave coffee movement

A notable development has been the rise of third-wave coffee culture, which emphasizes quality, transparency, and ethical sourcing. This movement has shifted the perception of coffee from a standardized commodity to a craft product, placing importance on origin, roast profile, and sustainable production methods (Ponte, 2002). Consumers are increasingly aware of the environmental and social implications of their consumption choices, which compels coffee shop owners to align with fair trade and direct trade practices.

Nowadays, coffee shops are featuring specialty coffee and third-wave coffee culture. Specialty coffee is more qualitative, obviously more expensive, but with the higher chance promising that it was cultivated and transported based on the sustainability standards. Each bag with beans usually has a “free trade” mark, which is obtained by following the strict rules of the clean trade business. This makes big sense looking at the prices of moderns’ coffee shops, and customers are happy to contribute to the sustainable growth of coffee business.

In addition, besides the growing consumer awareness, the specialty coffee market is rapidly expanding on a global scale. According to the Specialty Coffee Association (SCA), demand for high-quality, traceable coffee has increased by more than 7–10% annually in major urban markets since the early 2010s (SCA, 2023). Europe and North America remain the largest consumers of specialty coffee, but growing markets such as Eastern Europe and parts of Asia are experiencing even faster expansion. Research also shows that younger consumers, particularly Generation Z and Millennials, are the primary drivers of this trend, valuing not only taste but also the narrative behind the coffee, including farmer welfare, environmental impact, and artisanal production methods (Samoggia & Riedel, 2018). As a result, many coffee shops have adopted more transparent communication strategies, sharing the information about origin, processing methods, and roast profiles directly on menus, or adding small cards to the served cup of coffee. This trend demonstrates how specialty coffee culture has transformed consumer expectations: customers increasingly seek sustainability, authenticity, and craftsmanship, encouraging coffee shops to innovate and differentiate through ethical sourcing, education, and acknowledgement.

2.1.2 Rise of Independent Cafés vs. Chains

One of the key trends in today’s coffee business is the rise of independent coffee shops compared to big chains. While large brands like Starbucks continue to grow in popularity worldwide, especially among tourists and loyal customers, there is a noticeable shift towards single and independent cafés

that have a unique soul and history behind them. This trend is closely connected to the development of niche concepts that express individuality and non-conformity. Consumers are increasingly valuing the identity of the brand, the unique story, ambiance, and design of a venue. These elements create a distinctive experience that coffee shop chains often lack. The choice of a favorite coffee shop today depends on many factors, but one non-obvious pull-factor is the uniqueness of the place: its character, personality, and “soul.” Independent cafés offer more than just coffee, they provide a space where customers feel connected to a story or atmosphere. People prefer a relaxed and comfortable environment to carry out their social activities. Furthermore, Maulana et al. (2021) said that coffee has become part of people's culture to strengthen friendships. While chains offer convenience and familiarity, the demand for places with a personal touch and authentic vibe is growing every day. This reflects a broader consumer desire for meaningful experiences rather than standardized products. In this way, independent cafés stand out by creating an emotional connection that goes beyond the beverage itself. Ultimately, the coffee business today is shaped by the coexistence of these two trends: the global reach of chains and the intimate appeal of independent cafés with their own unique identities.

2.1.3 Post-COVID Shifts in Perception and Function of Coffee Spaces

The COVID-19 pandemic forced people into lockdown for many months, fundamentally changing lifestyles and work habits across the globe. One of the most significant shifts was the rapid adoption and normalization of remote work. As a result, coffee shops began to take on a new role: not just as places to grab a quick drink, but as alternative workspaces or “home offices.” This trend was embraced not only by full-time remote employees but also by freelancers and occasional remote workers who sought flexible and inspiring environments outside their homes.

According to a 2023 survey by Statista, about 30% of remote workers in the United States reported regularly working from coffee shops or cafés. This number reflects the growing trend of people seeking spaces that combine productivity with social connection. The pandemic intensified people's need for human interaction, and many turned to coffee shops as a way to maintain the sense of presence and community despite physical isolation.

The shift towards working from cafés is also supported by data from MBO Partners (2025), which found that 53% of freelancers preferred working in public places like coffee shops rather than at home, valuing the change of environment and social stimulation. Coffee shops have adapted by offering reliable Wi-Fi, comfortable seating, and cozy atmospheres to meet these evolving customer needs. A coffee shop is not only a place to enjoy coffee but also a place to work and study (Pesoa et

al., 2020). This post-pandemic shift reflects a broader cultural movement towards flexible work arrangements and the blending of home and office life. As hybrid work models become standard, coffee shops are redefining themselves as multifunctional spaces that support work, socializing, and relaxation. This has influenced how cafés design their interiors, create their brand identities, and market themselves to attract this new class of remote workers.

2.1.4 Sustainability and Ethical Sourcing as Competitive Advantage

In recent years, sustainability and ethical sourcing have become central pillars of the coffee industry, shaping consumer expectations and business strategies alike. With increasing awareness of environmental and social issues, coffee consumers are no longer satisfied with just quality and taste, they want to support brands that demonstrate responsibility towards the planet and people involved in the coffee supply chain. Speaking globally, customers became more conscious about their choices.

Sustainability in coffee consists of a wide range of practices, from reducing carbon footprints and minimizing waste to protecting biodiversity and promoting water conservation. Ethical sourcing, on the other hand, focuses on ensuring fair wages, safe working conditions, and community development for coffee farmers and workers. Together, these practices create a more transparent and equitable supply chain. For coffee businesses, adopting sustainability and ethical sourcing is more than just a moral choice, it has become a critical competitive advantage. According to a 2023 global consumer study by NielsenIQ, over 70% of coffee buyers expressed a preference for brands with clear sustainability commitments, and 65% were willing to pay a premium for ethically sourced coffee. This trend is especially popular among younger consumers, such as Millennials and Gen Z, who prioritize values and social impact in their purchasing decisions. Independent cafés and specialty roasters often highlight their sustainability efforts as part of their brand identity, telling authentic stories about direct trade relationships and smallholder farmer support. These narratives resonate deeply with customers seeking meaningful connections to the origins of their coffee. Meanwhile, larger chains are investing heavily in sustainability programs, from carbon-neutral initiatives to transparent certification schemes like Fair Trade and Rainforest Alliance.

Coffeeshops strive to minimize their environmental impact by implementing eco-friendly practices, such as using biodegradable or reusable coffee cups, sourcing coffee from sustainable farms, and reducing waste throughout the coffee production and brewing processes (Blinová et al., 2017). Sustainability initiatives can also lead to operational efficiencies and cost savings. For example, reducing single-use plastics and adopting compostable packaging aligns with growing regulatory pressures and consumer demand, while also lowering waste disposal costs. Some cafés have

introduced “bring your own cup” discounts to reduce environmental impact, attracting eco-conscious customers and building loyalty. The usage of single-use materials became more controlled, for example many coffee shops cannot give more than 1 cup or straw, if the customer has not paid for it in prior. To compare it with the global trends, 10 years ago single-use cups were given for free and in uncounted amounts, making coffee shops spending amounts to refill the storage and creating much more waste than it was actually needed.

In conclusion, sustainability and ethical sourcing are no longer niche concerns, they are fundamental drivers of business success in the modern coffee market. By integrating these values into their core operations and marketing, coffee businesses do not only contribute to a more sustainable future but also differentiate themselves in a crowded marketplace, appealing to an increasingly conscientious and engaged customer base.

2.1.5 Community Building Through Local Events and Activities

Another rising trend that has completely transformed the coffee shop industry and the chances of success is event management within the café space. Events bring new faces and help customers get to know each other, form connections, and build a community. Modern coffee shops serve as platforms for the exchange of information, ideas, and experiences. Through conversations and interactions within these spaces, individuals are exposed to new perspectives, trends, and lifestyles (Leidner & Kayworth, 2006). This has become extremely important nowadays because it shows that the café truly cares about entertaining its customers and offers educational and recreational alternatives.

In Europe, the coffee shop market has been expanding rapidly. According to World Coffee Portal’s Project Café Europe 2025, the total European branded coffee shop market grew 4.7% to reach 51,042 outlets over the last 12 months, marking the highest number of net new stores recorded in five years. This growth reflects a broader trend of coffee shops evolving into vibrant community hubs. Events can vary widely, but the main trend for 2024 and 2025 is daytime DJ sets that promote healthy lifestyle, replacing alcoholic beverages with healthy options like matcha, smoothies, or high-quality coffee prepared with plant-based milk. Additionally, coffeeshops often host events, such as live music nights, art exhibitions, or book clubs, which further strengthen community bonds and create opportunities for collective growth (Grodach, 2011). These events are gaining popularity as they offer a unique blend of music, wellness, and social interaction. Many coffee shops organize masterclasses and workshops focused on education and creativity. Examples of such activities include candle-making workshops, latte art classes, poetry sessions, collage making, and painting or sketching

events. For instance, modern coffeeshops can collaborate with local artisans to create unique, culturally inspired coffee accessories or artworks that blend traditional craftsmanship with contemporary aesthetics. This collaboration not only supports local talent but also adds a distinct cultural touch to coffee shops experience. In addition, cultural preservation can be fostered through educational initiatives within modern coffeeshops (Grodach, 2011).

Despite some initial skepticism, coffee shop events have proven to be very popular and profitable. They create real bonds between people, foster a sense of community, and add loyal customers who keep coming back, attracted not just by the coffee but by the meaningful experiences the shop provides.

2.1.6 Functional Space Duality: Coffee Shops as Work & Social Hubs

One of the most surprising and successful developments in recent years is the fusion of coffee shops with other creative businesses. This trend has transformed the coffee industry into something completely unique, blending traditional hospitality with arts, fashion, and alternative forms of creativity. The modern café is no longer just a place to drink coffee, it's a multifunctional space that serves as both a work environment and a social, cultural hub. One of the most surprising and successful developments in the recent years is the fusion of coffee shops with other creative businesses. The rising trend of mixing a café with a vintage clothing store, an art gallery, a vinyl music shop, or even a furniture showroom is spreading across the globe. These hybrid spaces offer more than just beverages; they provide a full sensory experience that attracts a diverse customer base, encouraging longer stays. Adding the occasional event management and big events at least once a month is fully transforming the concept of the venue and gives the opportunity to entrepreneurs to elevate their idea into innovational trend which is refreshing the spirit of the town and creating the new history. This concept has gained strong support in many European cities, including Budapest, where local cafés are embracing multifunctionality to stand out in a competitive market. In Budapest, it is increasingly common to find coffee shops that double as co-working spaces during the day and cultural venues in the evening. These places often host pop-up art shows, secondhand fashion sales, or creative workshops alongside a full espresso menu. By offering an environment that is both professional and personal, these cafés became lifestyle destinations.

One of the good examples is Komondors Vintage Store, located in the 7th district of Budapest. Komondors is a Vintage Gallery of clothes from different decades, and a really nice coffee shop, which values sustainability and local roasters. I have been working in Komondors Vintage Store for 2 years during my studies in Budapest, from an ordinary barista I became an event manager, and

sincerely, no one could ever predict so much success to this place, but the spirit and the energy of the community which was formed there by many different events and gatherings, brought so much light and attention to it. Komondors Vintage Store was mentioned in Vogue, as a part of Budapest Central European Fashion Week and in New York Times, as a suggested spot to be visited, when travelling to Budapest. This trend is not only innovative but also economically smart. It diversifies income streams, builds customer loyalty, and strengthens the café's brand identity. People are drawn to spaces that feel curated and alive, where they can meet friends, work on their laptops, or browse vintage records - all under one roof. Ultimately, this functional space duality is shaping the future of cafés as places where business, culture, and community come together.

2.1.7 Innovation in Coffee Menus and the Rise of Plant-Based Options

Apart from the space and value offers, menus as well have evolved in the past decade. Coffee shop beverage options have undergone significant transformation, not just in terms of beverage variety but in how drinks contribute to broader supply-chain dynamics, consumer trends, and economic value creation. A strong example is Matcha – finely ground green tea powder, used as a shot of espresso. Matcha has transformed the hospitality world in just a couple of years, leading to the creation of cafes which serve exclusively matcha as the main beverage, mixed with different plant-based milks. Just 2 years ago, matcha was produced in the usual base level, but today, in 2025, the storages are slowly getting empty – the main consumer market is Europe and North America. It can be analyzed in the global economy perspective, because a beverage trend now is setting the new prices and standards for a 100-years old industry.

The estimation of the global matcha market reached around USD 3.65 billion in 2024 and may rise to USD 7.84 billion by 2032, representing a CAGR above 10 % (Data Mintelligence, 2025). The rise of matcha popularity is related to its health-beneficial positioning, visual appeal, and the compatibility with plant-based milk alternatives. For example, the recent research reports that in the UK, more than 28% of customers at branded coffee shops have ordered oat milk, making it the most popular plant-based milk option (Perfect Daily Grind, 2025). According to another industry analysis, the European plant-based milk market is projected to grow from USD 4,380.0 million in 2025 to USD 10,464.6 million by 2035, at a CAGR of roughly 9.1 % (Future Market Insights, 2025). Further, the forecasts indicate the European matcha market growing from approximately USD 4,617.7 million in 2025 to around USD 7,374.9 million by 2032, at a CAGR of 6.9 % (Persistence Market Research, 2025). These numbers underscore how coffee shops are not just adapting to customer preferences, they actively influence them. The introduction of matcha-based beverages and

food, and the widespread availability of plant-based milks, illustrate how cafes nowadays function at the intersection of food service and lifestyle markets, shaping both demand and supply trends. From a supply-chain perspective, this shift is profound - traditional dairy supply chains are being supplemented by plant-based options, and new markets are emerging. Japanese production of tencha rose (the leaf used to make matcha) from 1,430 metric tons in 2012 evolved to 4,176 tons in 2023, yet supply still struggles to keep pace with demand (The Guardian, 2025).

This tension between demand and supply demonstrated a broader economic principle within the hospitality industry: as consumer expectations evolve, supply chains adapt, and menu innovation becomes a strategic decision. In practice, these innovations on the market are reshaping the coffee shop business models. Offering matcha-lattes with oat, almond, rice or coconut milk, allows the venues to set premium pricing and differentiate themselves in a crowded competitive market, as well to align with sustainability concepts. For the modern coffee shops, therefore, innovation in menus is no longer merely additive – it is transformative, offering new revenue streams, elevating supplier relationships, and influencing general market trends. In this way, coffee shops are serving as agents of change and innovation in the hospitality industry.

2.1.8 The Role of Influencer Marketing and Digital Presence

Nowadays it is quite hard to imagine a successful business without a strong digital presence in social media platforms like Instagram, Tik-Tok or Facebook. Coffee Industry is surely a part of this statement. In today's competitive hospitality landscape, maintaining a strong digital presence, particularly on platforms like Instagram, has become an essential business asset. The coffee industry, with its visually appealing products, lifestyle associations, and community-driven ethos, is especially well-suited to capitalize on social media visibility. In recent years, a marked shift has occurred toward influencer marketing as a key promotional strategy. Hospitality businesses are increasing the collaborations with local and travel influencers to create authentic, engaging content that appeals to target demographics and builds trust through relatability rather than traditional advertising. Recent studies show that over 70% of Generation Z consumers trust influencer recommendations more than traditional ads. Coffee shops with active influencer partnerships see up to 40% higher customer engagement rates on Instagram. Influencer campaigns, especially those using micro- and nano-influencers, allow cafés to build a sense of community and identity aligned with values such as sustainability, aesthetics, and locality. This shift in marketing strategy reflects not just an evolution in branding, but also in how hospitality spaces are perceived: as lifestyle hubs that people want to be associated with, both online and offline. Research by Mufashih et al. (2023) states that promotion via

social media and product quality can influence consumer satisfaction. Consumers who feel satisfied submit a short review of the coffee they purchased via social media. The increase in social media reviews aligns with consumers' interest in repeat purchases and attracts other consumers to enjoy the coffee. This will also increase the brand image of the product itself.

In the European digital marketplace, influencer marketing has evolved from a novelty into a core promotional strategy, particularly within visually-driven sectors like hospitality and coffee. In 2024, the European influencer marketing ecosystem was valued at over €1 billion, representing more than 30% of the global influencer market, and is expected to grow at a compound annual growth rate (CAGR) of around 36 % through 2031 (Kolsquare Benchmark Report, 2024) . Notably, 80% of European brands maintained or increased their investment in influencer partnerships in 2025, with 47% increasing their influencer budgets by 11% or more (E-commerce Germany News, 2025). Instagram remains the dominant platform, used by 72% of marketers, with TikTok (61 %) and YouTube (58%) following closely (Socially Powerful Marketing Hub, 2025). Micro and Nano influencers (profiles with fewer than 100.000 followers) are preferred by 73% of European marketers due to their higher engagement rates and cost-efficiency (E-Commerce Germany, 2025). In fact, influencer marketing delivers approximately 11x the ROI of traditional banner advertising and is credited with helping 51% of brands acquire higher-quality customers who spend more over time (Kolsquare Benchmark Report, 2025).

For coffee shops, especially independent and mixed-concept venues, this landscape creates unique opportunities. The role of social media as a marketing medium greatly impacts the ease of interaction between individuals. Social media allows consumers to disseminate information and share experiences through the Word of Mouth (WOM) mechanism. Philip et al. (2011) says that WOM can trigger consumer participation to review, tell personal experiences after using, and recommend products to other consumers. Looking at various reviews from other consumers who like the product will encourage consumers to make decisions and increase their interest in repurchasing the product (Aghniya, 2019). Branded content centered on café aesthetics, latte art, or ethical sourcing resonates organically on Instagram and TikTok. A targeted influencer collaboration can yield significant exposure: campaigns often deliver hundreds of thousands of impressions, enhanced foot traffic, and increased social engagement. Micro-influencers, particularly those focused on local food, lifestyle, or sustainable living, generate authentic referrals that translate into real customers (Evans et al., 2022). Altogether, the trends mentioned above are transforming the hospitality industry in the post-Covid-19 era and shaping the hospitality landscape of today.

2.2 Social Impact of Coffee Shops and Community Building.

2.2.1 Community spaces in urban life.

In contemporary urban life, the role of community spaces has become increasingly important due to the individualism culture, digital overwhelming, social disconnection and the erosion of informal public life. Essential places for public interaction can be different, usually very simple to imagine, like parks or cafes, but hardly accessible in everyday life in busy cities, due to the speed of movement and increased workload. These spaces – are significant for interpersonal interaction, they are fostering a sense of belonging, shared identity and collective experience. Coming back to the social basics and human needs, it is a necessary part of our life – a sense of community. Simply speaking: people always need people, avoiding all formal purposes with a simple desire to be a part of something which gives a feeling of living the life with a purpose and sense of belonging.

Coffee shops and similar third places are the cross path between public and private life. They offer inclusive and accessible environment that encourages spontaneous, unplanned interactions and, eventually connections. They are often perceived as everyday public spaces that enable people from diverse backgrounds to gather without a formal purpose (Ferreira et al., 2021). Urban theorist Jane Jacobs emphasized the value of “sidewalk life” and the everyday social interactions that sustain vibrant communities, noting that cities thrive when residents share casual, repeated encounters in familiar shared spaces (Jacobs, 1961). When the space and its ambiance is supporting the human interaction, people are more likely to use it for shared experiences. Gehl (2011) highlights the need for human-scale design in urban environments to facilitate these casual meetings, advocating for cities built around pedestrian comfort, visibility, and sociability.

Another criteria of coffee shops is universality. Among other 3rd places like churches, libraries, shops and parks, cafes are the ones mixing the most unpredictable amount of people altogether, without the demand for status. Since institutions such as churches and community halls decline in influence, cafés are increasingly stepping into the role of informal civic centers. Coffee shops have evolved in community anchors in modern urban life. Their hybrid nature, commercial yet socially oriented, makes them unique agents in shaping social relationships and local identity (Ferreira et al., 2021). The importance of these spaces is not just about their functionality, it is in their symbolic value: they embody the fundamental human desires for connection, shared space and sense of belonging. This topic sets the stage for a deeper exploration of The Third Place Theory presented by Ray Oldenburg (1989), which set the base of my personal reflections and researcher for this academic paper.

2.2.2 The Third Place Theory by Ray Oldenburg

The theory of the “third place”, introduced and investigated by American urban sociologist Ray Oldenburg in his book *The Great Good Place* (1989), has become paramount in the study of community spaces and their social significance. Oldenburg proposed that in addition to the two primary social environments - home (the “first place”) and the workplace (the “second place”) - there exists a “third place”: informal public gathering spaces that serve as facilitators of community life. These places are typically accessible, neutral, and inclusive, designed not only for the profit or productivity but for connection, dialogue, and a sense of belonging. Examples include cafés, bars, bookstores, barber shops, and other hangouts that encourage spontaneous interactions. According to Oldenburg, third places are marked by several key characteristics: they are neutral grounds where individuals can enter and leave at will; they act as social levelers where economic status is irrelevant; conversation is the main activity; they are accessible and accommodating; they foster a regular clientele; they maintain a low profile; and they offer a “home away from home” atmosphere that promotes relaxation and inclusion. These spaces are often underappreciated in urban planning, despite their role in supporting civic engagement, interpersonal trust, and democratic dialogue. And speaking about being underrated, they also are not considered significant from the side of city lawmakers, which are usually considering parking spots for offices much more important than terraces, removing them and rebuilding the streets.

Nowadays, coffee shops became the most prominent example of the third place in an urban setting, particularly among such generations as Millennials and Generation Z. They offer a rare blend of private comfort and public exposure, enabling both socialization and solitude. It makes them highly adaptable to a wide range of individual and collective needs. Coffee shop spaces are used in different ways – recreational purposes, remote work, studying, social gatherings, informal business meetings etc. As noted by Ferreira et al. (2021), cafés serve as “multifunctional social spaces” that reflect the shifting dynamics of urban social behavior, especially as people seek more flexible environments to work, connect, and relax outside of traditional institutions.

Furthermore, with the rise of remote work and freelance culture after COVID-19, it has only intensified the relevance of third places. In this landscape, coffee shops serve not only as scopes for informal encounters, but also as vital extensions of home and office, shaping the interaction of social and professional identity. They accommodate the individual presence while simultaneously offering potential for unplanned social engagement, reinforcing Oldenburg’s argument that such places are important for fostering a sense of local identity and collective belonging.

Critically, third places also play a role in building what sociologist Robert Putnam terms “social capital” - the networks of trust and reciprocity that enable societies to function more cohesively (Putnam, 2000). While Putnam famously lamented the decline of social capital in *Bowling Alone*, coffee shops and similar spaces arguably represent sites where this capital is being quietly rebuilt. They facilitate bonding among like-minded individuals and bridging across diverse social groups, both of which are necessary for a resilient community. Therefore, in developing urban landscapes, the Third Place concept remains deeply relevant. Coffee shops continue to embody Oldenburg’s ideal by functioning as low-barrier and socially vibrant spaces that blend both collective life and individual well-being. Understanding them through this theoretical lens allows researchers to assess not just the economic value of cafés, but their socio-cultural role in promoting emotional connection, inclusion, urban life development, and civic discourse.

2.2.3 Social Capital and Human Connection.

In the modern world, the role of social infrastructure – places and systems that allow people to connect, collaborate, and feel part of a broader whole, is increasingly recognized as fundamental to both community resilience and individual well-being. Central to this is the concept of social capital, which broadly refers to the networks of relationships, mutual trust, and shared values that exist within a society (Putnam, 2000). Coffee shops, which surely operate as previously discussed ‘third places’, generate this social capital through routine and low-stakes interactions. Robert Putnam (2000) distinguishes between two forms of social capital: bonding (the reinforcement of connections within homogeneous groups) and bridging (the linking of individuals across diverse social cleavages). Independent cafés often provide the setting for both forms. Regular customers might bond with one another through familiarity and shared interests, while the open, inclusive nature of the space also facilitates bridging, allowing for interaction across lines of age, class, ethnicity, or profession. It is also important to acknowledge that social capital in coffee shops is not solely produced through conversation. Shared small rituals such as waiting in line, sitting in proximity to other customers, or shared cigarette breaks create form of passive and embodied community. These encounters, even if informal or transient, contribute to a greater sense of community and collective trust. Oldenburg (1989) argued that the relaxed and unstructured environment of third places supports exactly these kinds of interactions: those that are not goal-oriented but rather social in essence. The presence of “regulars” – customers, artists, baristas, fosters a sense of familiarity and safety, while the diversity is encouraging the spontaneous communication and perspective-sharing. This interplay of stability and fluidity is creating a unique ambiance and atmosphere of semi-public intimacy, where individuals

can feel a sense of belonging without being obliged of more formal relationship. Coffee shops, through their open-door nature and fluid social boundaries, become fertile settings for such weak-tie formation, allowing individuals to access diverse social worlds they might not encounter otherwise. Moreover, the accumulation of social capital within these venues can have measurable social effects. Recent studies have shown that neighbourhoods with a greater density of informal social spaces report higher levels of safety and stronger interpersonal networks, as well as increased economic vitality.

More recently, sociologists like Ferreira et al. (2021) have reinforced the view that coffee shops serve as “soft infrastructures” of connection in cities, providing spaces where social bonds are formed not through structured events but through repeated co-presence and casual conversation. Especially in an age of digital communication, these venues serve as important counterpoints of isolation, offering real-life touchpoints where emotional connection is nurtured and maintained. Additionally, the emotional experience of human connection within these spaces should never be underestimated. As argued by Maspul & Almalki (2023), the social and cultural dynamics within modern coffee shops reflect a deep human need for visibility, interaction, and routine. The fact of being known in a specific coffee shop, even just being greeted by name or having the usual beverage preference remembered, can offer a sense of belonging, grounding, and eventually self-worth recognition, particularly in modern impersonal pace of urban life. This micro-level gestures foster inclusion and sustain the broader culture of care. This very important and serious feeling, especially for Generation Z representatives, who are dealing with loneliness in their 20s, makes them visit coffee shops on a regular daily or weekly basis. The emotional value of these environments becomes increasingly relevant in an era marked by rising reports of loneliness, mental health struggles, and weakened traditional community structures. Research on post-pandemic social life shows that informal, low-pressure settings such as coffee shops help individuals to rebuild social routines and regain confidence in public interaction (Meier, 2023). For many members of Generation Z cafés serve as stabilizing rituals, offering predictability and interpersonal warmth in otherwise uncertain daily lives. This demonstrates that the social capital generated within cafés is not merely abstract: it has measurable implications for psychological well-being, social resilience, and the lived experience of urban belonging. Ultimately, the social capital created and generated in these environments contributes not only to individual well-being but also to the broader vitality of urban communities. The social connections formed in coffee shops often carry economic spillover effects, since informal conversations can evolve into collaborations, business ideas, or professional exchanges.

2.2.4 Case Study: Komondors Vintage Store, Budapest, Hungary.

Komondors Vintage Store is a truly unique and one-of-a-kind café located in the heart of Budapest. Komondors is a venue split in 2 areas: a vintage store and a coffee shop, which highlights the idea of timeless fashion and sustainability. Komondors as well is empathizing the idea of community creation and maintenance, organizing events on a weekly basis. Since August 2023, when the venue expanded by adding the coffee shop, it has evolved beyond its original commercial function and became a cultural and social hub.

The café environment quickly fostered opportunities for social interaction and collaboration. Regular events, including sustainable fashion shows and art exhibitions, provided a fertile ground for community-building. What has began as casual conversations over coffee, gradually developed into creative partnerships. For instance, a group of individuals who first met at Komondors went on to establishing a vintage clothing store, which later expanded into an event management company. Today, this company organizes cultural fashion events that attract around 700 guests on average, demonstrating how modest interactions within a coffee shop space can generate substantial cultural and economic outcomes. The mentioned project is called “The Balance”, it is commonly known in Budapest as an innovative way of seeing and introducing fashion through sustainability.

The story of Komondors highlights the broader thesis argument: the seemingly simple act of sharing a coffee can catalyze long-term social and economic transformations. What began as a casual social interaction has, in this case, resulted in new businesses, creative collaborations, and career opportunities for over 100 individuals. The Komondors Vintage Store & Café example vividly illustrates how coffee shops serve as engines of connection, creativity, and community development, reflecting the principles of Oldenburg’s “third place” theory in a contemporary urban context.

In summary, coffee shops as community-oriented spaces operate as more than just commercial hospitality venues – they are informal institutions of health in a modern urban world. Many personal and commercial stories started in coffee shops, as an example: AirBNB and Bitcoin concepts were also born in coffee shops, which created global market innovations in the future, when they were launched. This is why I consider important to analyze both economic and social impacts of coffee shop venues altogether.

2.3 Economic Relevance of Coffee Shops

The coffee industry has become a significant player in the global economy, the European market contributes billions of euros annually to the global, national, and local economies. From the small local cafes in rural areas to the international chains present in major cities, coffee shops play a crucial role in both the hospitality sector and shaping urban cultures. In the past years, the coffee sector has witnessed a significant growth, influenced by rising consumer demand for specialty high-quality coffee, a shift towards premium selections, and a growing coffee culture. Europe, the home of the most iconic coffee cities, serves as a key region for the industry's expansion. Cities like Rome, Vienna, Lisbon, London and Budapest are contributing to the general development of the field. Continuing to evolve with innovations in business models and consumer behavior, the industry is composed of specialty shops, matcha bars, independent and branded cafes.

The coffee consumption can be analyzed by in-home and out-of-home features, concentrating on the outside beverage industry, the total revenue by 2025 in Europe is expected to reach staggering €101.3 billion (World Coffee Portal, 2025). The forecasted numbers are driven by an increasing preference for coffee experiences outside of the home and very strong digital social media marketing. This figure highlights the economic importance of coffee shops not just as places to purchase coffee but as social contributors, employment creators, and developers of local economies.

Coffee Shops are more than just places to grab a morning drink, they are essential economic engines. At the local level, cafes serve as small businesses that employ thousands of people, stimulate local supply chains, foster the community development and elevate urban life. Each coffee shop is a micro-business that can have a significant impact on its surroundings, both in urban and rural areas. In Hungary, coffee shops play an essential role in tourism and urban economic vitality. Cities like Budapest host a rich coffee culture, attracting both tourists and locals to historical cafes that often serve as a part of essential touristic route, making it a cultural landmark. In these cities, coffee shops support employment, provide spaces for social interaction, and contribute to the local GDP. It is very important to mention, that they contribute to the employment multiplier effect by supporting additional local jobs of suppliers, maintenance, entertainment and delivery services. The coffee shop industry is expected to create significant direct and indirect employment at the end of 2025, with over 2 million people employed across Europe in roles ranging from baristas and managers, to supply chain workers and logistics (World Coffee Portal, 2025)

2.3.1 The Coffee Shop Market in Europe.

The European coffee shop market has experienced fast growth in recent years, driven by the industry innovations and changing customer habits. According to the World Coffee Portal, by 2025, the total revenue generated by the out-of-home coffee consumption segment across Europe is expected to reach a significant €101.3 billion, up from €88 billion in 2023. This represents a compound annual growth rate (CAGR) of 4.7% yearly, signaling both industry's resilience and its potential for future growth. Important to mention, that this growth is driven not only by the number of coffee shops, but also by rising consumer demand for higher quality, premium coffee, as well as value-added services such as specialty drinks, gourmet blends and innovative café experiences. The volume of coffee consumption in Europe reaches 451.3 million kg, which is the top figure for the European coffee industry. At the same time, the rise of hybrid working patterns following the COVID-19 pandemic outcomes has increased the demand for coffee shops that provide both social spaces and informal work environments. This convergence of digital mobility and lifestyle trends has strengthened the role of coffee shops as essential "third-place" venues across major urban cities. By 2025, coffee shop outlets in Europe reach an approximate 51,042 units around the continent. The report further forecasts that the number of outlets will exceed 60,900 by 2030, indicating a sustained expansion in market presence. (World Coffee Portal, 2025).

Another study estimated that the Europe specialty-coffee market alone was valued at USD 7.74 billion in 2024 and is projected to reach USD 15.82 billion by 2032, underlining the shift towards premium coffee formats and higher value offerings (Fortune Business Insights, 2025). Demand growth remains robust even in the face of cost pressures: green coffee imports into the EU27 increased in certain origin markets and per-capita consumption in the EU27 stood at approximately 5.7 kg per person in 2023 (European Coffee Federation, 2025). Taken together, these figures demonstrate that the European coffee-shop sector is not only expanding in terms of outlet numbers but also in value, influenced by premiumisation, specialty formats, and evolving consumer behaviours.

2.3.2 Key Players and The Market Share Dynamics.

The coffee market in Europe is highly competitive, new cafes are launching every single day, however there are several dominant global chains that have established a strong position over the years, alongside a significant number of independent coffee shops and local brands. Here are the most famous and big brands on the market, according to the World Coffee Portal (2025):

1. Starbucks

Starbucks remains the largest coffee shop chain in Europe, with a significant market share in big cities like Milan, London, Madrid and Paris. By 2030, the brand is expected to continue expanding its footprint and enter the new markets. Particularly, Central and Eastern Europe. Starbucks' premiumization strategy, focused on personalization, diversity of choices, brand recognition, medium-quality coffee, seasonal drinks and upscale price range, positions it as the leading player in the market, both in-home and out-of-home consumption.

2. Costa Coffee

Costa coffee, now owned by The Coca-Cola Company, is another key market player, especially popular in the United Kingdom, where it remains the largest coffee chain. The market share of the brand continues to grow in Spain, Italy and France, where it has expanded its reach in major urban centers. Costa Coffee focuses on offering premium experience at a relatively affordable price, making it a favorite among younger consumers and urban professionals.

3. McCafé

McCafé is a unique business model which operates as McDonald's subsidiary, by integrating coffee sales within McDonald's outlets. It is popular especially in the morning time, since McDonalds has DriveThru options, making the takeaway breakfast for drivers fast and comfortable. McCafé has seen a rapid growth in the Eastern European regions, where the chain is widely popular, since it is proposing affordable pricing and big range of options. This makes McDonald's and McCafé highly attractive between price-sensitive segments, which are dominating in Eastern European market.

The market share dynamics of the described industry are: global brands like Starbucks and Costa Coffee dominate the market with a share of around 35% in urban and touristic areas, while independent coffee shops and local chains account for approximately 50-55% of the market share in European market, especially in the regions where coffee shop culture is highlighted by society.

On the other side, local coffee shops play an essential role in shaping and elevating the coffee culture of European cities. They are seen as cornerstones of the local café culture, beating the well-known competitors through unique blends, personalized service, spirit of connection and community engagement. Notable examples in Budapest include Vaj, Madal, Cecha, Kern Kollektive, Kastner Community, Flow, Lui, and CoffeeStand. In mentioned cafes, local baristas have a strong influence on the coffee market. During the research process for this academic paper, I was lucky to interview the owners and customers of mentioned coffee shops of Budapest. The outcomes and conclusions will be described in the 4th chapter.

2.3.3 Coffee Shops as Local Economic Drivers

In urban economies, besides being social life contributors, coffee shops serve as significant economic agents, blending commerce with community roles. Their footprint is multidimensional, ranging from direct employment to the stimulation of related sectors through supply chain linkages. In Budapest, the hospitality sector – bringing together cafes, bars and pubs, directly employs more than 15000 people (IBISWorld, 2019). Moreover, it supports thousands of people indirectly through allied services such as wholesale supply, delivery, marketing, logistics and equipment maintenance. Independent cafes often act as entrepreneurial launch pads, due to their small scale and flexibility, they generate income for owners while sourcing from local suppliers. Getz & Petersen (2005) observe that small hospitality firms tend to retain a greater share of revenue within the community compared to large chains: a dynamic that reinforces regional economic sustainability. These businesses frequently supplement their commercial model with social offerings: hosting events or functioning as informal meeting spaces, which influences local cohesion and consumer loyalty.

Hungary's coffee market continues to grow rapidly, with the estimated value in 2024 at €573 million, projected to rise to €828 million by 2030, driven by a 6.3% CAGR (Strategy Helix Group, 2025). It reflects the country's accelerating transition from traditional instant coffee consumption to more sophisticated brewing practices. This growth is fueled by evolving consumer tastes, growing interest in specialty coffee, strong digital presence, community engagement and the spread of cafés offering single-origin and artisanal drinks. Historically, Budapest is recognized as a coffeehouse capital, has seen a renaissance of its coffee culture, now combined with modern design and specialty. This blend of innovation and tradition attracts both local and international visitors, highlighting the café's role in positioning Budapest as a vibrant cultural destination.

2.3.4 The Economic Contribution of Coffee Shops to GDP

As a part of the broader hospitality and food service industry, the coffee shop industry in Hungary plays an important role in the national economy. According to data from Eurostat, the European Union's food and beverage service sector accounted for approximately 2,5% of EU's GDP in 2021 (Eurostat, 2025). Within this, coffee shops contribute a significant share, since they are the most common type of café-style business in urban areas.

In Hungary, the F&B industry contributes around 1,5% to the national GDP, referring to the latest available data from the Hungarian Central Statistical Office (KSH, 2025). The numbers have been steadily growing, reflecting the global rise of coffee culture, and especially the popularity of specialty

coffee shops. For comparison, the neighboring countries like Austria and Czech Republic have higher contributions from the hospitality sector, with Austria at about 2,1% and the Czech Republic at 2,4%, through Hungary is catching up as coffee culture continues to expand year by year. In major cities like Budapest, coffee culture has experienced a resurgence in the past decade, driven by the increasing demand for high-quality coffee. According to the data from 2023, Budapest hosts over 300 independent coffee shops, a number which has seen a 25% increase over the past five years. In Hungary cafes generate a significant revenue, not only through coffee sales, but also from the broader economic activities they create or influence. The contribution of these businesses to local economies is substantial, as coffee shops often operate in lively streets, they attract both locals and tourists.

At the local level, coffee shops generate revenue through:

- Local employment: as mentioned before, in Budapest cafes alone employ around 15000 people, contributing to income taxes and local employment.

- Rent and utility payments: the average monthly rent for prime locations in Budapest is 2000-3000€, by paying it, cafes contribute to the local real estate market. These businesses also spend significant amounts on utilities, from electricity for brewing equipment, lights, air conditioning etc. to water consumption.

In addition, coffee shops often purchase high-value goods and services from local suppliers, for example raw materials: coffee beans, imported from origin countries like Brazil, Ethiopia or Kenya, are often roasted locally, which creates a symbolic relationship with the Hungarian roasting industry. As well, bakery goods: almost all coffee shops host a small bakery or are buying fresh pastries on a daily basis. This act supports Hungarian food production and the development of agricultural sectors. Local bakeries in Budapest, like Czifferi Bakery and Auguszt Cukrászda, work closely with coffee shops to supply them with freshly baked goods. This stable partnership is maintained by many years. The mentioned local sourcing helps to create a virtuous cycle within the economy, there the revenue generated by coffee shops circulates among other sectors, from farming and manufacturing to logistics and retail. Tourism tied to coffee culture has become a significant contributor to Hungarian economy, particularly in Budapest, which has earned a reputation as a European Coffee Hub. Coffee tourism is a growing segment of the city's appeal. Cafes such as New York Café, Espresso Embassy, and Vaj are visited by international tourists every day. In 2022, tourism-related spending in Budapest's coffee sector accounted for an estimated €50 million annually. Moreover, the rise of events like Budapest Coffee Festival, which hosts over 20,000 visitors every year, further enhances the economic footprint of coffee tourism. These events, besides strong promotion of the destination's coffee culture, also generate significant revenues through ticket sales, vendor participation, and tourism-related

expenditures (accommodation, transportation, dining, etc.). In fact, as an example, the event called World of Coffee Budapest 2017, attracted thousands of visitors from around the world, injecting an estimated €10 millions into the local economy. It was one of the largest barista competitions in Europe.

2.3.5 Supply Chain and Business Ecosystem Impact

Coffee shops support a variety of local businesses, including the coffee roasting industry, furniture production, agriculture, and packaging companies. The demand for quality coffee beans has created a pleasant ground for the development of local roasting businesses in Hungary. Roasters like Goosebumps Coffee Roasters and Café Frei expanded their production due to an increased demand from coffee shops. These companies do not only supply local cafes, but also export the beans to the neighboring countries like Romania, Austria, Slovenia, and Germany, further boosting Hungary's export economy. The Hungarian coffee roasting industry is a significant part of the supply chain, which contributes to both national economy and Hungary's coffee culture. The major market brands which play a key role in the local economy are Casino Mocca and Green Caffè. The industry is expanding rapidly, with exports growing by about 10-15% annually over the past few years. Nowadays Hungary exports more than 30% of its locally roasted coffee to the neighboring European markets (World Coffee Portal, 2025).

Coffee shops have fostered collaborative partnerships with various sectors, further integrating them into the business ecosystem. Local farms supply coffee shops with fresh dairy, organic vegetables, and freshly baked bread. Moreover, coffee shops host pop-up events, art exhibitions, and local food markets, creating opportunities for local entrepreneurs and artists. And since Budapest is a very artistic city – the innovations in the type of collaboration are happening every day. For example, Espresso Embassy has partnered with local artists for gallery openings, My Little Melbourne Coffee Shop often hosts coffee and art events, driving traffic to both the coffee shop and the local creative community. Komondors Vintage Store&Cafè is organizing art workshops and sustainable fashion shows, contributing to the development of Hungarian fashion scene. Massolit coffee shop is initially positioned as a bookstore, so the weekly literature clubs are quite obvious to happen. The list of examples in this case can be endless, but the point is – the contribution of coffee shops both in social and economic sense is multidimensional. These collaborations extend beyond coffee into branded events, where coffee shops collaborate with companies for product launches or corporate events, creating a symbiotic relationship between the coffee sector and other industries.

3. Research Approach and Methodology

3.1 Introduction

This chapter describes the research design, methods, and analytical procedures used to examine the social and economic impact of coffee shops. It outlines the overall approach, data collection techniques, and analysis methods that together form the foundation for this study. This study's objective is to analyze the social and economic impact of coffee shops within the modern hospitality sector, with detailed focus on emerging business models that influence both community development (on the micro level) and broader economic impact (on the macro level). The research reflects the natural economic dynamic where social demand for community spaces stimulates the emergence of new coffee shop concepts - a clear illustration of how demand creates supply. Analyzing the topic of coffee shops and their impact on social and economic development I highlighted the importance of interviewing both sides of the market – supply and demand, to be more precise: the owner and the customer. All perspectives were analyzed by interviews and surveys which gave the researcher important insights on the modern industry of hospitality.

3.2 Research Design and Procedure

This research was designed according to a mixed-method approach, combining both quantitative and qualitative methodologies to ensure a smooth understanding of the social and economic impact of coffee shops. The nature of the research topic is the consumer behavior, the economic performance of the analyzed hospitality entities, the changes in the industry and the customer's adaptability to them. The mentioned topics require the integration of measurable data and personal narratives. Therefore, a combination of survey research, semi-structured interviews, and a case study was selected as the most effective strategies to capture the complex dynamics of the coffee shop industry.

The quantitative component (online survey) provides numerical insights into customer behavior, preferences, and perceptions of coffee shops as social and cultural spaces. The qualitative component (interviews and case study) deepens the analysis by exploring business practices, local engagement, and entrepreneurial creativity within the hospitality sector. Together, these methods provide both breadth and depth, aligning with the study's aim to evaluate the socio-economic significance of modern coffee shop culture.

This design follows the principle that demand generates supply: social interest and evolving customer expectations stimulate innovation and diversification in the hospitality industry. Consequently, the

research explores two parallel but interrelated perspectives: the micro-level (individual experiences, customer–owner interactions) and the macro-level (economic performance, market evolution, and cultural influence). These two dimensions shape one another, reflecting a natural economic mechanism where social and market forces coexist in dynamic balance.

The research procedure started much earlier than the formal academical steps were adapted by the researcher. It started from the personal interest with the industry, with the work experience and long hours of noticing and analyzing the social and economic patterns happening in different locations, with different sets of people, different ages and interests, but always the same outcomes – connection, creation and eventual development.

3.3 Research Objectives and Questions

The aim of the research was the detailed analysis of multiple aspects that form the coffee shop urban industry. On one side, analyzing the customer answers, they can be divided in the main groups: customer preferences, adaptability to the modern hospitality trends, social behaviors proving the “3rd Place Theory”, consumer behavior etc. On the other side, analyzing the perspective of business owners, the objective was to understand, how fast do they adapt to the emerging trends, or how do they create them (in some particular cases), how do they deal with market crisis, if digital and influencer marketing is actually that crucial in practice, as described by theoretics etc.

The main questions, which formed the base for both surveys and interviews :

1. How are the coffee shop customers adapting to the modern trends in the hospitality industry?
2. How do coffee shops influence local culture and contribute to the evolution of urban life?
3. What economical outcomes can be created by coffee shops besides the traditional inputs of a hospitality entity?
4. What are the key factors driving the choice of the coffee shop for a customer? (demand side)
5. How the coffee shop owners are creating the ground for social interactions and what are their key drivers? (supply side)

3.4 Research Methods

The research formation and development started from the detailed primary literature review : a comprehensive review of the academic literature, industry reports, and market data was carried out

to establish the theoretical foundation. This stage helped to identify the key variables: social interaction, community building, business models, and economic impact, around which the research was structured. The main objective during the literature collection was the selection of literature primarily focused on works published from 2010 onwards, ensuring that the theoretical foundation of this research is based on recent and relevant contributions reflecting the modern dynamics of the industry.

Right after the settlement of the theoretical base, the author worked on the research instruments, which in this case were the surveys and interview sets. Based on the insights from the literature review, two main data collection tools were developed: an online survey and a set of interview questions.

- An online survey consisting of 29 questions was distributed via Google Forms to coffee shop customers. The frequency of the distribution was 1 time per month starting from May 2025 until November 2025, using different channels (example: social media, group chats, survey-focused online groups in Facebook).
- A set of semi-structured interview questions designed for coffee shop owners and managers. Due to the unavailability of certain entrepreneurs, the set of questions was developed both in online and offline formats, the owners with who the researcher could not organize a personal meeting had a chance to complete an online survey to share their valuable opinions.

This combination of methods enables triangulation - cross-verifying information from multiple sources to increase reliability and validity. The quantitative data were analyzed using descriptive statistical methods, focusing on percentage distributions and frequency analysis. Qualitative data from interviews and the case study were interpreted through thematic analysis, identifying recurring patterns such as innovation, sustainability, and community engagement.

3.5 Sampling and Participants

The survey collected responses from 100 participants, most of whom were aged between 18 and 40 years, representing the core demographic segment of urban coffee consumers. This age group was selected as it reflects the most active segment of the coffee shop market, both in terms of frequency of visits and purchasing behavior. One of the main objective was the collection on data from international people, who form the urban life of Budapest. Around 30 different nationalities took the time to reflect on their perspectives on the coffee shop industry.

To complement the customer perspective, seven independent café owners and managers participated in the qualitative part of the study. The interviews were conducted across Budapest and several other European cities, allowing a broader understanding of operational practices and community engagement within different cultural contexts. Due to the geographical reasons, the interviews were carried out in two ways: three were conducted in person or via online conferencing platforms (e.g. Zoom, Google Meet), while four were completed through an online questionnaire specifically designed for coffee shop owners and managers. This mixed approach ensured flexibility while maintaining consistency in the type of information gathered.

3.5 Data Collection Procedure

The data collection process took place over a period of six months, from May to October 2025. During this time, both quantitative and qualitative methods were implemented in parallel to ensure a comprehensive understanding of the topic.

The online survey targeting coffee shop customers was distributed once per month through social media platforms such as Facebook and university group chats. This approach allowed the researcher to reach a diverse audience of participants while maintaining accessibility and convenience. The survey remained open throughout the research period to gather a consistent flow of responses and ensure data reliability.

The qualitative interviews with coffee shop owners and managers were primarily conducted in May 2025, marking the initial phase of the field research. Most of the interviews were carried out either in person or via online communication tools (Zoom, Google Meet), while a smaller portion was conducted through an online questionnaire for participants who preferred written responses due to time or location constraints.

This combined procedure enabled the collection of both statistical and narrative data, ensuring that social and economic aspects of coffee shop operations were represented from multiple perspectives.

3.6 Data Analysis

The analysis of the collected data was conducted in two stages, reflecting the mixed-method nature of the research. Quantitative data from the online survey were analyzed to identify patterns and trends in consumer behavior, while qualitative data from interviews and the case study provided deeper insight into the social and managerial dimensions of coffee shop operations.

The quantitative analysis focused on descriptive statistics, including percentages and frequency distributions, to summarize participants' responses. This method allowed the researcher to identify key behavioral patterns such as beverage preferences, visit frequency, and the importance of social and experiential factors in choosing a coffee shop. The data were organized into tables and charts to facilitate interpretation and comparison between different variables.

The qualitative data collected through semi-structured interviews and the Komondors Vintage Store case study were analyzed using a thematic analysis and the real-life observation approaches. This method involved identifying, coding, and categorizing recurring themes that emerged from participants' narratives. Particular attention was paid to topics such as community creation, sustainability practices, innovation, and marketing strategies. The thematic analysis enabled the researcher to connect individual experiences and managerial insights to broader social and economic patterns observed in the industry.

Finally, the results of both investigations were integrated and compared to establish relationships between the social and economic dimensions of the coffee shop sector. This synthesis provided a balanced understanding of how consumer behavior and business practices influence one another, reflecting the dynamic interaction between demand and supply in the modern hospitality environment.

3.7 Research Limitations

As any other study, this research has its own limitations. Since the discussed topic has the nature of innovations, the literature review was based on the recent works, preferably of the post COVID-19 times. Of course, not that many researches during these 5 years were done. As well, many works online were not accessible without a primary payment. The author did its best to accumulate all the information available online and in the university library.

Secondly, the author acknowledges that if the sample size of the questionnaires and interviews was larger, the results and the topic could have been explored more comprehensively. However, the author encountered difficulties in distributing the questionnaire to customers and in establishing contact with cafe owners, many of whom ignored the proposal to meet or to complete the online survey. Or, in a different case, they agreed to share the experience of running a coffee business, but later never answered again, which could be understandable due to the workload and stress the business owners face on a daily basis.

4. Research Results

This chapter includes the results of the conducted research. It consists of two parts : the questionnaire results, which reflect the opinions and behaviors of coffee shop customers, followed by the second part: online and in-person interviews with café owners and managers. Their perspectives and experience helped the autor to form the full picture of the modern hospitality industry and to align the recent trends, as well as the demand and supply sides altogether. The full results of the collected information are presented below.

4.1 Customers' Perspective

This section presents the findings collected from an online anonymous survey conducted as part of the research. The survey aimed to understand customer habits, preferences, and perceptions regarding coffee shop culture, with a particular focus on the social, economic, and experiential role of cafés in everyday life.

4.1.1 Customers' Demographic Overview

A total of 100 individuals participated in the online survey. The demographic characteristics of the respondents provide useful insights about the target consumer group and their connection with the contemporary coffee shop culture.

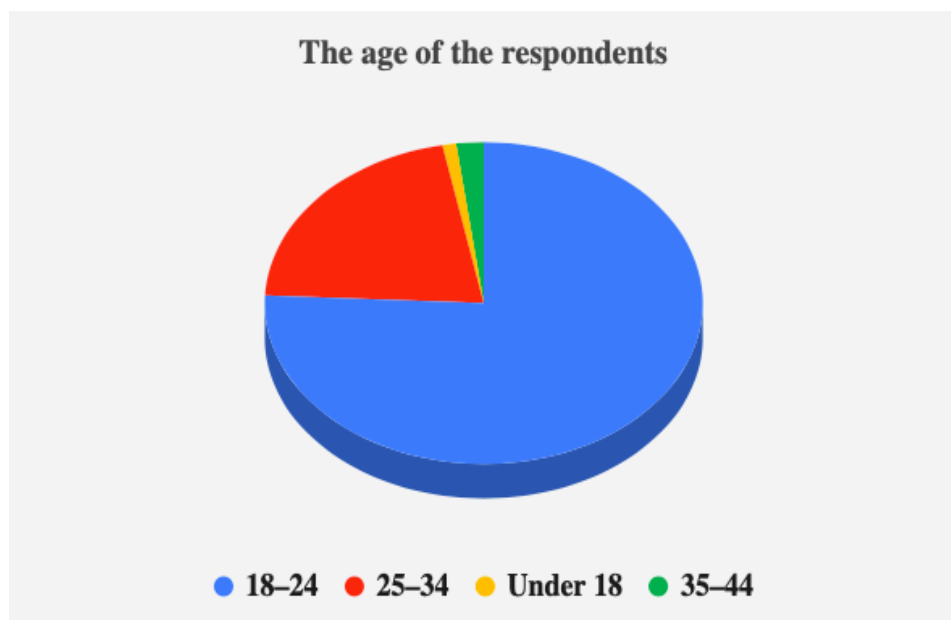


Figure 1: Age groups of the respondents

Source: own edited

As illustrated in the Figure 1, the majority of respondents (75%) were between 18 and 24 years old, followed by 21% aged 25 to 34 years, and a small percentage (around 3%) aged 35 to 44 years. This distribution indicates that the survey primarily attracted younger adults, particularly those belonging to Generation Z. The strong representation of this group suggests a significant interest and engagement of young people in coffee shop culture, as well as their integration of coffee consumption into their daily social and study routines.

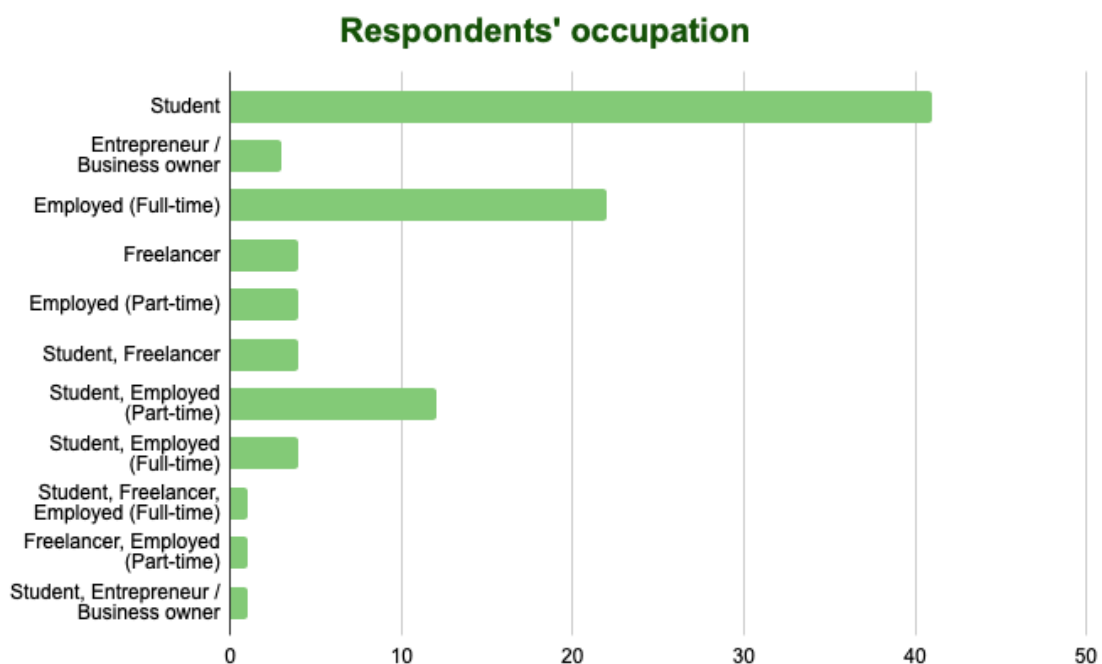


Figure 2: Respondents' Occupation

Source: own edited

Regarding the occupation of survey participants, respondents were allowed to select more than one option. The Figure 2 indicates that the largest group consisted of students (around 60%), followed by part-time employees (approximately 30%), freelancers (10%), full-time employees (16.2%), and entrepreneurs or business owners (4.1%). This composition demonstrates that a large proportion of the survey participants are still in education or in the early stages of their careers. It also reflects the flexible lifestyle of young adults, many of whom combine studies with part-time work or freelance activities. These patterns provide valuable insights for interpreting the survey results, as the professional background of customers may influence their priorities and perspectives. As well, this helps to understand why many participants reported balancing multiple occupations at the same time.

Country	Count	Percentage
Hungary	63	63.64%
Moldova	9	9.09%
Netherlands	6	6.06%
Italy	5	5.05%
Austria	2	2.02%
Romania	2	2.02%
Spain	1	1.01%
Portugal	1	1.01%
Denmark	1	1.01%
Lithuania	1	1.01%
Russia	1	1.01%
United States	1	1.01%
United Arab Emirates	1	1.01%
Israel	1	1.01%
Switzerland	1	1.01%
France	1	1.01%
Jordan	1	1.01%
Ukraine	1	1.01%
Turkey	1	1.01%

Figure 3: Respondents' location

Source: own edited

As shown in Figure 3, the majority of participants (63.64%) were residents of Hungary, which represents the primary geographical focus of the research. Smaller groups of respondents were from Moldova (9.09%), the Netherlands (6.06%), and Italy (5.05%), while a variety of other countries were represented by individual participants (around 1% each), including Austria, Romania, Spain, Portugal, Denmark, Lithuania, Russia, the United States, the United Arab Emirates, Israel, Switzerland, France, Jordan, Ukraine, and Turkey.

This wide geographical spread suggests that although most respondents are based in Hungary, the survey also reached a diverse international audience. The international participation adds cross-cultural value to the study, as it offers insights into how coffee culture may vary across different European and global contexts. However, the dominant Hungarian representation indicates that the findings primarily reflect the preferences and habits of coffee consumers within Hungary.

In summary, the demographic analysis highlights that the majority of respondents are young adults aged 18–24, predominantly students or early-career professionals, and primarily based in Hungary. This combination of factors suggests that the data mainly reflects the behaviors and attitudes of Generation Z and young Millennials - groups that are highly social, digitally connected, and often view coffee shops not only as places for consumption but also as social, study, and work environments. Their flexible lifestyles and openness to new experiences make them a key demographic for understanding emerging trends and preferences in the modern coffee shop culture.

4.1.2 Coffee Consumption Habits and Preferences

Understanding customers' coffee consumption habits provides important insights into the behavioral patterns that define the modern hospitality landscape. Coffee shops nowadays are not only places for grabbing a coffee before work, they are also key environments for socialization, work, studies, or personal rituals. Analyzing consumers' preferences regarding the frequency of visits, types of beverages they choose, spending habits per visit allows the researcher to understand and identify the recent trends and changes in the industry. These changes are essential – they shape both business models and community practices. Moreover, the analyzed habits form the foundation for understanding how customers perceive the coffee shop experience and what factors contribute to their satisfaction and loyalty towards particular venues.

The survey results reveal that the coffee shop visit is an integral part of daily life for the majority of respondents. The chart presented below indicates that the most prevalent visiting pattern is “a few times per week” reported by almost 40% customers, followed by “a few times a month” option selected by around 28%, and “once a week” at roughly 18%. Far fewer respondents indicated visiting coffee shops daily (8%) or rarely (5%), highlighting that the majority of participants maintain a consistent, habitual engagement with coffee shop environments. These behaviors support the idea that coffee shops represent not only commercial hospitality spaces, but also habitual social environments. The idea aligns with Oldenburg's (1989) concept of the Third Place.

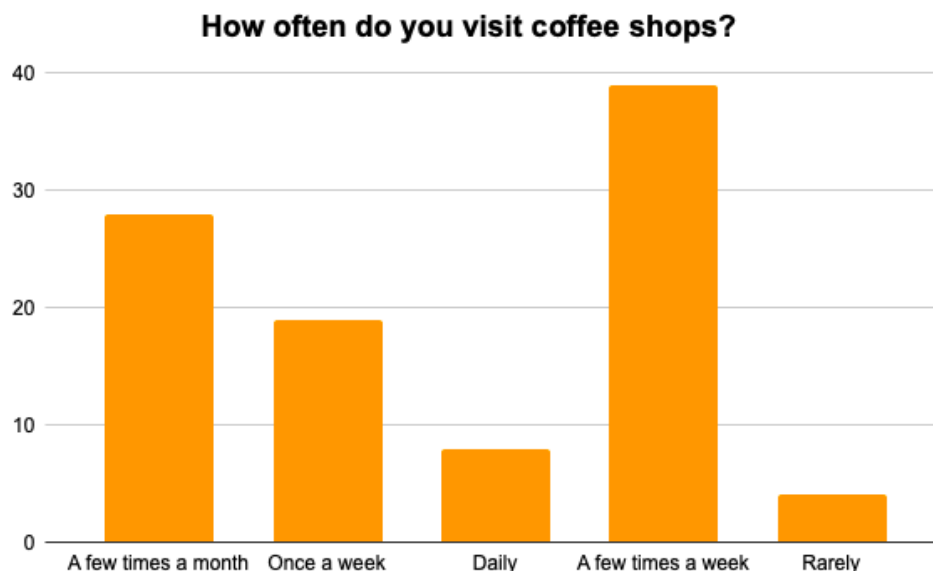


Figure 4: The frequency of coffee shop visits

Source: own edited

In terms of beverage preferences, the respondent had 5 options to chose : traditional drinks (espresso, americano), specialty coffee (chemex, V60, aeropress), milk-based options (latte, cappuccino), matcha, or non-coffee options (limonades, cacao, tea). The analyzed data shows that milk-based options, such as latte or cappuccino are the most popular choice, selected by more than half of respondents (55%). Traditional espresso-based drinks follow the list at a lower percentage (15%), while alternative beverages such as matcha lattes or specialty coffee brews occupy a smaller segment. This indicates a gradual diversification of tastes, reflecting the influence of third-wave coffee movement and the increasing interest in quality and personalization within coffee culture.



Figure 5: Respondents' beverage preference

Source: own edited

A significant trend of the recent years is the growing consumer shift towards plant-based milk alternatives, which reflects the broader changes in health awareness, ethical consumption, and sustainability values. As revealed by the survey results, nearly half of the participants (45%) reported that they substituted traditional cow milk with alternative options such as oat, almond, soy or rice milks. It highlights a strong preference for products perceived as more natural and environmentally responsible. This tendency aligns with the market data showing a rapid expansion of the European plant-based milk market, which was valued at approximately USD 4.97 billion in 2022 and is projected to reach USD 11.7 billion by 2030, showing a significant growth at a compound annual rate of 11.3% (Grand View Research, 2024). Prices for non-dairy milk options within European Union countries have also risen by more than 23% since 2020. It illustrates the connection how increasing demand for a specific product is directly influencing market values and retail pricing (Statista, 2025)

Within the context of coffee shops, this trend holds clear implications for business operations and product strategies. As more consumers choose plant-based alternatives, coffee shops must adapt by expanding their menu options, reorganizing supply chains, and recalibrating pricing models to accommodate higher ingredient costs. This evolution reflects the fundamental economic rule in which demand generates supply, as the growing social preference and modern trends for sustainable options drive innovation and diversification within the hospitality industry.

4.1.3 Motivations to Visit Coffee Shops

The results of the research reveal that consumers visit coffee shops for a variety of intertwined social and personal reasons. Out of 100 people, the majority of respondents (62%) reflected that their primary purpose of café visits is the socialization with friends or colleagues, underlining the strong social dimension for coffee consumption. A considerable part (28%) also reported visiting cafes for work or study purposes, illustrating the transformation and perception of coffee shops as multifunctional spaces that accommodate professional and educational activities alongside leisure. A smaller yet notable proportion (22%), identified relaxation and the desire for personal time as their main motivation, while 18% mentioned aesthetic enjoyment – valuing the interior design, music, quality of the service and the overall ambiance of the space. Many people nowadays transformed the visit to the coffee shop into a personal ritual – the quality time they spend journaling, reading, or reflecting on life. These findings strongly resonate with Oldenburg’s “Third Place” theory (1989), which identifies cafes and similar venues as informal public meeting spots that exist between home and work, which are considered the 1st and 2nd places.

The gathered data confirms that modern coffee shops serve this mediating role: they provide comfort and familiarity while stimulating connection. The appeal of spaces like that lies not only on the consumption of beverages and pastry, but on the social and emotional experience they offer – an atmosphere where people can feel simultaneously productive and at ease. Furthermore, the number of people who choose coffee shops for remote work or study is increasing every day. It reflects the strong shift and evolution of urban lifestyles. With flexible work models and digital connectivity, coffee shops are widely perceived as alternative workspaces that blend functionality with community engagement. This shift contributes to their economic sustainability, reinforcing the dual social and economic significance of these establishments.

4.1.4 Factors Influencing the Choice of a Coffee Shop

The survey data provides a clear picture of the key elements that determine customers' choice of a coffee shop. Among the 100 respondents, the quality of coffee emerged as the most decisive factor, selected by 76% of participants as the main reason they choose a specific place. This finding underscores that, despite the experiential and social dimensions of coffee culture, product excellence remains at the core of customer loyalty and satisfaction. The atmosphere and interior design are following closely the previous criteria, highlighted by 68% of people, indicating it as a major influence of their choice. These results confirm that the visual and emotional aspects of a venue can significantly shape consumer perceptions, supporting Ferreira et al. (2021), who describes coffee shops as “curated spaces of belonging” where ambiance defines experience. Another factor rated highly was the customer service and staff friendliness, mentioned by 61% of respondents. They noted that a welcoming attitude and personal interaction with the staff enhance their sense of connection and belonging – an important element of Oldenburg's (1989) “Third Place” concept, where informal human relationships create a sense of community.

Another criteria – location convenience, it was highlighted as a key driver by 57% of respondents, confirming that particularly in urban areas it remains the essential factor for a venue choice. However, many people noted a willingness to travel further for the coffee shops that provide superior atmosphere or quality, indicating that emotional value can sometimes outweigh geographic proximity.

The role of prices was ranked moderately, with 42% of participants describing it as an important but not decisive factor. This suggests that customers perceive coffee shop visits as affordable experiences of comfort and self-care, where moderate premium pricing is justified by ambiance and service quality.

Interestingly, the factors that have gained substantial importance in consumer decision-making were the digital presence and social media image. Around 81% of respondents reported that they have discovered a particular coffee shop via online platforms such as Instagram or Tik-Tok, while 29% admitted that a visually appealing digital image influenced their decision to visit it. This trend highlights and proves the growing relevance of influencer marketing and digital aesthetics within the hospitality industry – a phenomenon also noted by Daradkeh et al. (2023), who found that online engagement plays a crucial role in shaping consumer perceptions and loyalty.

The next Figure 6 illustrates the percentage in answers on a question if a customer has ever visited a cafe finding it as a recommendation on social media, and the answers justify the importance and power of the modern social media for hospitality businesses. The pie chart illustrates that a significant and large part of participants (81.7%) have visited a coffee shop because they have seen it online,

while only 18.3% answered that they did not. This indicates a strong influence of social media on customer's decisions to visit particular venues.

Have you ever visited a cafe because you saw it on social media?

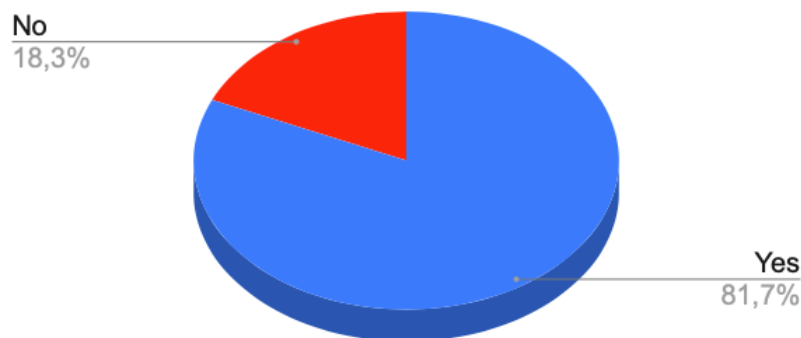


Figure 6: Social Media Influence for the coffee shop visit

Source: own edited

Finally, functional aspects such as Wi-Fi availability and workspace comfort were mentioned by 34% of respondents, indicating that coffee shops are increasingly used as hybrid social and professional environments. This aligns with the broader shift towards flexible work culture and reflects the diversification of customer needs within contemporary hospitality spaces.

All the mentioned findings demonstrate that the choice of a coffee shop is influenced by a combination of sensory, emotional, and digital factors. While coffee quality remains the foundation of preference, elements such as atmosphere, staff engagement, and online presence are central to creating the holistic experience that modern consumers seek. The successful café is, therefore, not merely a product provider but an emotional and cultural environment, integrating taste, comfort, and identity into a single cohesive experience.

4.1.5 The Role of Coffee Shops in Community and Social Engagement.

The survey results highlight that coffee shops hold a significant social function in the everyday life of customers. The participants were asked whether they feel a sense of belonging or familiarity in their preferred cafes, the results showed that 58% answered yes, while an additional 24% mentioned that sometimes they experience a feeling of comfort and recognition in such places. Around 18% reported they view coffee shops only as beverage consumption places, without any environmental

connection. This breakdown indicates that for the majority of survey participants, coffee shops serve as social environments rather than just commercial hospitality venues.

Social interaction plays a central role in this perception. Around 41% of participants mentioned that they were engaged in spontaneous conversations, either with staff or other visitors. Meanwhile, 37% answered that they have formed new friendships, professional connections or creative collaborations in coffee shops. These numerical patterns support author's idea that coffee shops act as interactional settings where weak social ties are strengthening into meaningful community networks. It also aligns closely with Oldenburg's (1989) idea of the "Third Place", which describes cafes as informal gathering environments. Oldenburg emphasized the importance of comfort, neutrality and familiarity in fostering social bonds – these qualities reflected in respondent descriptions of coffee shops as "safe", "relaxed" or "welcoming" spaces. The survey results demonstrate that these characteristics remain essential in space perception, and to how contemporary coffee shops are experienced, especially among young urban customers who seek identity-affirming micro-communities outside of work and family structures. The revised academic literature reinforces this interpretation. Ferreira et al. (2021) stated that coffee shops function as "micro-urban social ecosystems", facilitating belonging and shared cultural meaning. The present research confirms this perspective, consumers frequently described cafes as places where they can "find people like me", "feel seen", or "connect without pressure".

A strong example of this community-building dynamic can be observed in the case of Komondors Vintage Store in Budapest, mentioned a couple of chapters above. Following the opening of its café space in 2023, the venue began hosting weekly cultural and creative events, such as sustainable fashion shows, poetry or music evenings, and collaborative art exhibitions. These gatherings have attracted a consistent returning community, many of whom later developed shared projects and professional partnerships. Interviews revealed that at least two new creative businesses, including a vintage clothing boutique and an event management collective, emerged directly from social interactions initiated in Komondors Vintage Store & Café earlier.

Figure 7 represents respondents' answers to whether they have previously attended an event in a coffee shop and, if so, what type of event it was. Based on the analysis of 116 responses (multiple answers allowed), approximately 83% indicated that they have attended an event in a café. This suggests a notable tendency towards engagement with coffee shop events, and a valid ground for human connection and community building through these events. Step by step, event by event, it is elevating the urban life and expanding communities. This case demonstrates how coffee shops can act as catalysts for economic and cultural activity, transforming casual encounters into productive social capital (Putnam, 2000).

Have you ever attended an event in a coffee shop? If yes, what was it exactly?

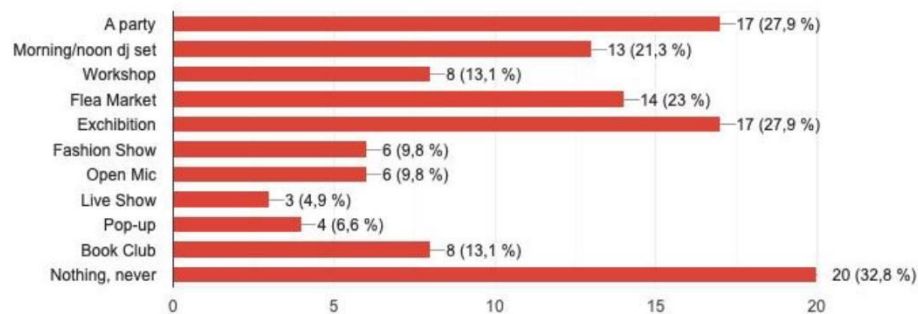


Figure 7: Distribution of Event Participation in Coffee Shops

Source: own edited

4.1.6 Summary of Key Findings

The findings of the first part of the research demonstrate that coffee shop structures play a dual role in contemporary urban life, functioning as economic micro-venues and social-cultural spaces. The survey results show that participants are strongly committed to café visits which are happening everyday or multiple times per week. Consumers value not only the quality of coffee, even though it was identified as the most influential factor in the coffee shop selection by around 76% of respondents, but also the atmosphere, aesthetic environment, staff friendliness, ambiance, ideology and uniqueness of the venue. All together these factors shape the cafes as experiential spaces rather than purely transactional ones in the eyes of customers. The motivations behind café visits address to strong social dimensions : 62% of participants answered that they frequent cafes to socialize, while 28% indicated they use the space to work remotely or study. These patterns support the “Third Theory” by Oldenburg (1989), affirming that coffee shops serve as informal public environments where individuals can experience belonging, expression of themselves, and interpersonal connection. Moreover, 58% of consumers indicated that they experience the sense of community in their favorite café, while other 41% noted that spontaneous interactions are happening regularly, leading to friendships, romance, or business connections. It indicates the formation of personal ties and social networks – a foundational element of social capital (Putnam, 2000).

The Komondors Vintage Store case study provides a concrete illustration on how coffee shops can act as community incubators, where repeated or constant presence and shared experiences lead to creative collaborations and eventually new business formation. The mentioned case study demonstrates that the social interactions occurring within cafe spaces can extend beyond personal enrichment to contribute directly to local business activities and cultural development.

4.2 Owners' Perspective

The second part of the research draws on interviews conducted with seven independent coffee shop owners and managers operating in Budapest and other European urban locations. Important to mention: although seven individuals participated in the interviews, the perspectives collected are representing nine venues, because one respondent was responsible for the management of three different coffee shops in Budapest. This detail is important to be mentioned because it expands the diversity of operational models included in the study, allowing the author to analyze a wider range of business, cultural, strategic and spatial approaches within the hospitality sector. The venues which took a part in the research represent broad concepts: from specialty third-wave coffee shops to hybrid concept spaces, art saloons, community hubs and cultural event spaces. Owners' perspectives provide insights into how cafes are shaped as economic, social, and cultural environments, offering a complementary understanding of the coffee shop's role from the supply side of the industry. To help comprehend the interview results, the researcher will show below the interview questions:

1. How long have you been operating this business?
2. How do your customers usually use your space?
3. On average, what percentage of your customers are repeat visitors (regulars)?
4. Have you noticed an increase in people working or studying in your space in the recent years?
5. Has your coffee shop ever been approached by people looking to organize local events, workshops, or meetups?
6. Do you believe spaces like yours play a role in economic growth (e.g., encouraging entrepreneurship, remote work, job creation)? If yes, how exactly?
7. What challenges do you face in maintaining your space as a community or social hub?
8. In your experience, how does your coffee shop bring people together or create opportunities for collaboration or growth?
9. Have any businesses, collaborations, or projects started as a result of people meeting in your space?

4.2.1 Interview Results : Space Usage and Customer Behavior

Starting from the experience of interviewed people, most of them were owning the business from 3 to 10 years, in particular cases more than a decade, it provided the researcher a broad vision on the analyzed industry. The coffee shop owners consistently described their venues as multifunctional social spaces. Customers primarily use cafés to meet friends, socialize, or relax, but remote work and studying have become increasingly common during the past years. Owners mentioned:

“Mostly for socializing and hanging out. It’s not really a workspace - people come to vibe, to meet friends, or go on dates. Some do end up working or studying here, but that’s not the main purpose.” (Owner, Komondors)

Another venue noted the opposite emphasis, where work and study are central:

“People bring laptops, hold small meetings, or work remotely. It’s definitely part of the coffee culture now.” (Owner, MTRM Roast)

Analyzing the interviews conducted online, all participants (100%) said that the space is being used for study or work purposes, as well as for the social gatherings. Half of the owners (50%) mentioned that their venues are used as well for informal business meetings and community events. Most of the owners noted, that they have been approached externally with a proposal to organize a public event in the venue. The reflections about it were positive – the coffee shop gained promotion and visibility, as well as the new customers who became regulars in the near future. Nowadays cafes are using the event placement as a marketing tool for their business, this idea was mentioned during all interviews. These insights support current research indicating that modern cafés function as hybrid environments, merging leisure and productivity (Ferreira et al., 2021). The design, atmosphere, seating layout, and hospitality style shape how customers choose to use the space - reinforcing the coffee shop’s role as a flexible urban living room.

4.2.2. Customer Turnover and Community Building

All interviewees reported a high percentage of repeat visitors, with estimates ranging from 40% to 80% of their customer base. These regulars form informal social networks, contributing to place attachment and identity. As one owner described:

“A big percentage. Most of our customers are regulars, and they usually come with friends or in small groups. We’ve built a small community around that.” (Owner, Komondors)

Local residential proximity plays a key role in particular cases:

“A large part, probably the majority. The most loyal clients are the ones who live around the district.” (Owner, MTRM Roast)

Repeaters are very important for the coffee shop business, the manager of 3 venues explained, that for the long term perspective they form a fixed revenue on which the business can count. As well, the presence of repeat visitors signals social rooting, a hallmark of Oldenburg’s (1989) Third Place. These cafes are not transient commercial stops, but spaces where routines, familiarity, and

interpersonal recognition takes shape: visitors meet familiar faces and bond emotionally to the particular venues.

4.2.3 Coffee Shops as Social-Economic Hubs.

Besides emotional community-building, many owners emphasized the economic and creative implications of their spaces. Out of 7 interviewed people, 5 answered, that they have witnessed certain businesses, collaborations, or projects started as a result of people meeting in their coffee shops. Komondors, in particular, functions as a catalyst for collaborative projects:

“We’re part of a creative local ecosystem... it’s about being a space where people connect, share ideas, and build something new.”

Several tangible outcomes were born from this environment, proving the transformative social and creative potential of coffee shop spaces. An art collective and event series originated from casual social circles formed within the café, while a vintage clothing store (Craze) was launched after its founder met his future business partners there. Over time, the venue’s cultural activities evolved into a series of fashion shows and creative exhibitions, which later developed into independent careers for several participants, some of them have achieved international recognition. The social dimension of these spaces extended even further: at another venue, a personal relationship between a barista and a regular customer resulted into marriage, as one café owner recounted with pride:

“They fell in love really quick and invited me to their wedding. I felt proud that my coffee shop helped to create a family.” (Owner, MTRM Roast)

Economically speaking, besides maintaining the space where people can meet and connect, further transforming their connection into a business, interviewed owners mentioned: by operating a coffee shop they support local suppliers and artists. Coffee shops often provide a space for an exhibition or a temporary product placement (handmade jewellery, accessories or clothes), sometimes free of charge, but with a percent from the sales. The supplier topic is more wide, as an example Komondors Vintage Store is working with new suppliers all the time – innovative beverage organizations, sustainable packages or materials, and local roasteries, which provide high quality coffee prepared in Hungary by young professional enthusiasts. These examples demonstrate that cafés can serve as micro-incubators for entrepreneurship, artistic collaboration, and social mobility, reinforcing their public and economic value beyond consumption.

4.2.4 Challenges in Sustaining a Coffee Shop

During the interview process many owners expressed a strong commitment to creating open and inclusive environments. However, they acknowledged many daily challenges that make such spaces difficult to maintain. The most recurrent issue mentioned was financial sustainability, particularly because of rising operational and fixed costs in Hungary. As one respondent explained:

“Financial sustainability is the biggest challenge is keeping it economically viable while maintaining the atmosphere.” (Manager, Kern Collective Coffee).

The tension between commercial necessity and community accessibility was repeating across several interviews. Many owners also highlighted the challenge of balancing atmosphere with profitability, as creating a welcoming and relaxed ambiance often conflicted with revenue goals.

Another recurring concern involved high staff turnover, especially among part-time student workers, which disrupts consistency and increases general costs. One owner mentioned, that working in a busy coffee shop with different visitors requires high emotional intelligence, which is rarely found among the average coffee shop workers. Furthermore, half of the owners expressed frustration with customers occupying tables for long hours while making minimal purchases, a phenomenon that, although fostering a sense of belonging, placed financial pressure on the business. One owners reflected critically on this pattern:

“People who have nothing to do spend all day in coffee shops. They buy one drink and sit for hours. It’s a kind of emotional support space, but it doesn’t really help my business.” (Owner, MTRM Roast).

“Sometimes people are sitting with their laptops for the whole day while drinking one cup of coffee, just one.” (Owner, COFFEESTAND).

Another challenge mentioned by the manager of 3 different venues was the fact, that sometimes the line between the customer and a friend is very thin, it always creates problems and conflicts, because customers can take the polite and welcoming attitude for granted and request free drinks or food after it:

“The line between customer and friend. Most of the time all our stuff treat our regulars like a close friends and it may cost some consequences in the future” (Manager, Lui Coffee Shop)

The mentioned challenges underscore a structural contradiction inherent in Oldenburg’s (1989) concept of the “third place”: such venues are most valued when they remain open and accessible, yet their sustainability often depends on enforcing commercial limits that can compromise inclusivity. The maintenance of a coffee shop business always requires the balance between welcoming attitude and professionalism.

5. Conclusions

This study explored the social and economic impact of coffee shops within the broader framework of modern business models in the hospitality industry, with a special focus on their dual function as both commercial venues and community spaces. The analysis included literature review, empirical data collected from surveys, and qualitative insights from interviews with independent coffee shop owners and managers. Together, these findings provide a holistic understanding of how cafes contribute to local economies, urban life and social development.

From the customer side, the research revealed that coffee shops have become essential social infrastructure in modern cities, fulfilling need that go beyond beverage consumption. The majority of respondents associated cafes with self-expression, socialization and creativity, confirming that they operate as much as cultural venues as they do retail businesses. Customers increasingly seek experiences that reflect authenticity, relaxation, comfort, and identity, rather than simply a caffeine fix. The data demonstrated that staff integration, atmosphere, and aesthetics were often rated as important as the price or location convenience. The base theory for the research was the “Third Place” concept developed by Ray Oldenburg in 1989. The collected insights align with his ideas, which describe informal public gathering spots as mediators between public and private life of urban citizens. Coffee shops embody with it in contemporary form: they provide flexible environments for work, studying, creativity, and belonging. The post COVID-19 period has influenced and increased this shift, as coffee shops became practical extensions of workplaces and living rooms, bridging the gap between isolation and connection.

Economically speaking, this study confirmed that coffee shops are significant local economic actors, even if their impact is not considered from the basic macroeconomic analysis. Beyond direct employment and tax payments, they stimulate indirect economic activities through collaborations and partnerships with suppliers, local farms, roasteries, bakeries, and creative professionals. Moreover, the research noted their growing importance in urban tourism, as visitors increasingly choose local cafes over the famous corporate chains like Starbucks, McCafe and Costa Coffee. Nowadays, tourists value the cultural and aesthetic value, particularly in European capitals such as Budapest, Vienna, Prague, Berlin and Barcelona.

The case study of Komondors Vintage Store illustrated these trends vividly. The hybrid model of a café and a vintage boutique brought in Budapest’s urban society the blend of creativity, third-wave coffee movement, sustainability, timeless fashion, and community building. It resulted in the emergence of new local businesses, art projects, fashion collaborations and hundreds of friendships

or love stories. On the other hand, another interviewed venue MTRM Roast, highlighted the evolution of traditional coffee venues into informal coworking spaces that sustain social bonds and professional networks. These examples reflect on how small and independent hospitality enterprises contribute to the urban development and cultural regeneration in tangible ways.

However, the research brought attention to the existing operational challenges. Interviewed owners expressed the economic fragility of maintaining community-oriented spaces in competitive markets. Rising rents and supplies, fluctuating seasonal demand, limited margins and high staff turnover make it difficult to sustain the same atmosphere without compromising profitability. The tension between the commercial and communal nature of coffee shops remains a defining paradox of the modern hospitality sector – the one that demands innovative business models and supportive public policies.

5.1 Practical Implications for Entrepreneurs and Urban Planners.

For entrepreneurs, the study findings highlight the necessity of integrating social value into their business strategies. In an increasingly competitive and saturated market, differentiation comes not only from the quality of the product, the most important figures nowadays are the overall experience and emotions the venue created. Modern customers, especially the ones who represent Generation Z, tend to value places which embody authenticity, inclusivity and sustainability. Thus, successful coffee shops are the ones which manage to operate as micro-communities, fostering loyalty through interpersonal connection and shared values rather than transactional relationships.

The study suggests that business owners should consider designing adaptive and multifunctional spaces, that can accommodate a range of different activities such as social activities, remote work or studying, and cultural events. The inclusion of flexible environments not only broadens the customer base, it also extends the amount of time visitors would spend in these venues, encouraging a stronger sense of belonging. Moreover, in the year of 2025 all entrepreneurs must consider the adoption of the digital presence and influencer marketing for their businesses, since it became an essential tool in building a distinct brand image and maintaining relevance in increasingly online-oriented segments. Collaborations with local creators, bloggers, artists, and suppliers can further reinforce the circular economy, deepening local community roots, and highlighting the coffee shop's cultural impact. Equally important is the implementation of sustainable practices, such as prioritizing ethically sourced products, plant-based alternatives, and waste management, which resonates strongly with environmentally conscious consumer segments.

For policymakers and urban planners, these conclusions provide the insights that extend beyond the hospitality industry. Small coffee shops represent an essential component of urban infrastructure – they support social system of neighborhoods by providing accessible and safe space for interaction, fostering informal networks, and contributing to the economic and cultural diversity of the district. Encouraging the existence of such community-oriented venues through grant programs, policy incentives, or at least reduced administrative barriers could enhance both local economic resilience and urban well-being. Urban development frameworks should always recognize and cafes in all future plans. Furthermore, integrating coffee shop culture into urban regeneration projects can serve as a catalyst for community engagement and attract creative professionals, revitalizing district’s image. As demonstrated in the case of Budapest, a balance between global chains and independent coffee shops is crucial in maintaining economic diversity and protecting the authenticity of city’s identity. Excessive dominance or monopoly of international brands risks homogenizing city centers and erasing the unique cultural value that independent coffee shops bring to the local environment.

5.2 Suggestions for Future Research

This study provides a comprehensive view of social and economic impacts of coffee shops, but at the meantime, several areas remain open for future investigations. Increasing the sample size and expanding the geographical area of the research could form a better understanding of cultural and regional variations in coffee shop culture, especially comparing Southern and Northern Europe, where the community behaviors are different. As well, the analysis of the differences between urban and rural frameworks can add to the global picture of European coffee industry. Future studies have a potential to adopt longitudinal or ethnographic approaches to observe how coffee shop communities over the time evolve and adapt to the changes in economic, technological and social conditions.

Another valuable and accurate direction for the modern world would be exploring the digital extension of third places, focusing on how influencer culture, internet trends, online communities, and social media engagement replicate or transform the sense of belonging, traditionally found in the physical coffee shop venues. With the increasing integration of virtual experiences, such analysis could reveal new forms of community creation within the digital hospitality landscape. Additional research could aim to quantify the economic impact of coffee shops more precisely by analyzing their contributions to job creation, tax payments, and local supply processes. Adoption mixed-method approaches that combine qualitative insights with economic modeling would provide policymakers a better picture of the hospitality sector’s macroeconomic impact.

5.3 Final Reflections

In conclusion, this research demonstrates the multidimensional and unique nature of coffee shops as both economic and social contributors in the modern hospitality industry. Far beyond their primary commercial purpose, cafes represent complex institutions where social, cultural, and economic forces intersect. Nowadays, coffee shops are setting trends, shaping lifestyles and reflecting the evolution of contemporary urban life. By recognizing their dual economic and social significance, entrepreneurs, planners, and policymakers can support coffee shops as important contributors to both urban well-being and sustainable economic development. These vibrant and trendy establishments have become influential gathering places, attracting younger generations and inspiring them to embrace modern trends. Coffee shops experience offers a departure from traditional social norms, providing a platform for self-expression and exploration. With their stylish decor, comfortable seating, and modern amenities, these coffeeshops create an environment that appeals to the youth's desire for novelty and a cosmopolitan way of life. They serve as spaces where friends can gather, socialize, and engage in activities that align with their evolving interests and preferences (Pozos-Brewer, 2015).

Addressing to the central research question, the findings indicate that coffee shops play an essential dual role: socially, they cultivate community, support interpersonal connections, and operate as informal hubs of collaboration; economically, they stimulate small-scale business activity, generate employment, support local supply chains, and catalyse entrepreneurial projects born out of social interaction. This dual impact positions coffee shops as significant and increasingly influential actors in shaping urban dynamics. As well, the research findings highlight that coffee shops now operate as cultural micro-centres that contribute to neighbourhood identity, urban creativity, and the social fabric of cities. They provide environments where individuals from different backgrounds interact naturally, reinforcing the concept of the “Third Place” by Ray Oldenburg (1989). As demonstrated in interviews and case studies, coffee shops often become the birthplace of artistic collaborations, community events, and even new businesses. Through this, they help shape the rhythms of urban life and contribute to cultural evolution on a local scale. Further, the study explored the key factors influencing customer choice: the survey identified atmosphere, location, friendliness of staff, and interior ambiance as the strongest determinants. These results illustrate that modern consumers value experiential and emotional aspects as much as the product itself. As cities continue to expand and digital life becomes increasingly dominant, coffee shops become one of the few remaining accessible public spaces where human connection, creativity, and commerce naturally coexist. It remains a reminder that even in economies driven by speed and technology, meaningful interactions, connections, and new beginnings can still emerge - often from something as simple as a cup of coffee.

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Appendix

Survey for the coffee shop customers: Coffee Shops as Social and Economic Spaces

Survey Description: This short survey is part of a research project exploring how coffee shops shape community and contribute to local economies. Your anonymous responses will help me understand how people use cafés for socializing, networking, and work. Thanks a lot for your time.

Survey Questions:

1. In which city are you based?
2. What is your age?
 - Under 18
 - 18-24
 - 25-34
 - 35-44
 - 45-54
 - 55+
3. What is your occupation?
 - Student
 - Freelancer
 - Employed (Part-time)
 - Employed (Full-time)
 - Business owner/Entrepreneur
 - Other
4. What are the names of the coffee shops you usually go to?
5. What type of drinks do you prefer to order?
 - Traditional coffee (espresso, americano)
 - Coffee with milk (latte, cappuccino)
 - Specialty coffee (cold brew, V60, chemex, aeropress)
 - Matcha
 - Teas/ Non-coffee options

6. Is it important for you the coffee shop to have a menu or a bakery option?
- Yes, I usually eat there as well
 - I prefer freshly baked pastry with my coffee
 - No, but I might grab a snack
 - No
7. Did you switch your preference to the alternative milk options? (oat, almond, soy)
- Yes
 - No
 - I don't drink coffee with milk in general
8. How often do you visit coffee shops?
- Daily
 - A few times a week
 - Once a week
 - A few times a month
 - Rarely
9. What motivates your coffee shop visits the most? (Select all that apply)
- Need for caffeine
 - Desire for a social atmosphere
 - Meeting friends or clients
 - Escape from a daily routine
 - A place to work or study
 - Attending an event (workshop, DJ set, market)
 - Part of my daily habits
 - Exploring trends (viral venues, matcha)
 - Saw it on social media
 - Other
10. How do a coffee shop makes you feel emotionally?
- Connected
 - Trendy/Seen

- Productive
- Inspired
- Calm and happy
- Neutral
- Anxious

11. What are the key factors in the coffee shop choice for you? (Select all that apply)

- Quality of coffee and food
- Atmosphere and interior design
- Location and convenience
- Price and value for money
- Staff friendliness and service
- Free internet and work-friendly environment
- Community vibe/ social atmosphere
- Menu variety (matcha, vegan options, pastries)
- Sustainability and eco-friendliness
- Loyalty programs or discounts

12. What makes you favorite coffee shop your favorite?

13. Is digital presence of a coffee shop important for you (Instagram or TikTok profile)?

- Yes
- No

14. Have you ever visited a cafe because you saw it on social media?

- Yes
- No

15. Do you follow any cafes, baristas or location influencers on social media?

- Yes
- No

16. Would you be more likely to try a new coffee shop if an influencer recommends it?

- Yes
- No
- Yes, If I see it multiple times
- Yes, if the ambiance clicks to me

- Other

17. Do you ever post about your coffee shop visits on social media?

- Yes, mostly always
- Sometimes, if I really want to share the place
- No, I don't post
- I am gatekeeping cool places
- Other

18. What do you think a strong social media presence says about a coffee shop?

19. How do you usually discover a new coffee shop? (Select all that apply)

- Instagram posts/ stories
- Influencer recommendations
- Tiktok videos/ reels
- Google maps/ online reviews
- Word of mouth
- Walking past/ random visits

20. What do you usually do in coffee shops? (Select all that apply)

21.

- Meet friends or family
- Work or study
- Have business meetings
- Network or meet new people
- Read or relax
- Attend an event
- Other

22. Do you usually go to the same café(s) or explore different ones?

23. Have you ever attended an event in a coffee shop? If yes, what was it exactly? (Select all that apply)

- A party
- Morning/noon DJ set

- Workshop
- Flea market
- Exhibition
- Fashion show
- Open mic
- Live show
- Pop-up
- Book club
- Nothing, never

24. How do you feel about events in coffee shops? Would you like to attend them more often, or find them useless? Share your opinion!

25. Do you feel a sense of belonging or community in your favorite coffee shop?

- Totally
- More yes,than no
- Not sure
- No
- Other

26. Do you tend to memorize baristas or other loyal customers in your favorite coffee shop?

27. Have you ever met someone new at a coffee shop? (apart from the staff)

28. If yes,what kind of connection was it? (Select all that apply)

- Friend
- Study or work partner
- Client or business contact
- Romantic or dating partner
- I have never met anyone in a coffee shop
- Other

29. Has a coffee shop experience ever led to a professional or personal opportunity (job, collaboration, etc.)?

30. Do you have any personal stories to share, how an interaction in a coffee shop led to a social or business connection in the future?

Survey for the coffee shop owners: Coffee Shops as Social and Economic Spaces

Survey Description: Hello! I'm conducting research for my thesis on the social and economic impact of coffee shops. Your insights as a coffee shop owner will help me understand how cafés contribute to local development, community building, and professional networking.

Your answers will remain anonymous unless you choose to share your contact. Thank you!

Survey Questions:

1. What is the name of your coffee shop? (Optional)
2. How long have you been operating this coffee shop?
 - Less than 1 year
 - 1-3 years
 - 3-5 years
 - 5-10 years
 - +10 years
3. Where is your coffee shop located?
4. Do your customers often use your space for? (Select all that apply)
 - Studying or working
 - Informal business meetings
 - Social gatherings
 - Freelancing or remote work
 - Community events or workshops
 - None of the above
5. Have you observed people forming personal or professional connections in your café?
 - Yes, frequently
 - Occasionally
 - Rarely
 - Never
6. Have any businesses, collaborations, or projects started as a result of people meeting in your coffee shop (to your knowledge)?

- Yes
- No
- Not sure

7. Do you host or allow events (e.g., open mics, networking nights, workshops) that encourage social or professional interaction?

- Yes, regularly
- Occasionally
- No, but we're open to it
- No

8. How would you describe your coffee shop's role in the local economy?

- We mostly serve individual customers, with limited community impact
- We are a small business that supports other local businesses (suppliers, artists, etc.)
- We actively contribute to the community by being a networking hub or a meeting space
- Other

9. On average, what percentage of your customers are repeat visitors (regulars)?

- Less than 20%
- 20-40%
- 40-60%
- 60-80%
- Over 80%
- Not sure

10. Have you noticed an increase in people working or studying in your coffee shop in recent years?

- Yes, significantly
- Slightly
- No change
- It has decreased
- Not applicable

11. Has your café ever been approached by people looking to organize local events, workshops, or meetups?
- Yes, agree
 - Occasionally
 - Rarely
 - Never
12. Do you believe coffee shops like yours play a part in economic growth (e.g., encouraging entrepreneurship, remote work, job creation)?
- Strongly agree
 - Agree
 - Neutral
 - Disagree
 - Strongly disagree
13. In your experience, how does your coffee shop bring people together or create opportunities for collaboration or growth?
14. What challenges do you face in maintaining your coffee shop as a community or social hub?
15. Would you be open to a short follow-up interview (in person or online)?
- Yes
 - No

Interview of coffee shop owners: In-person and Online Interviews

Interview Questions:

1. How long have you been operating this business?
2. How do your customers usually use your space?
3. On average, what percentage of your customers are repeat visitors (regulars)?
4. Have you noticed an increase in people working or studying in your space in recent years?
5. Has your space ever been approached by people looking to organize local events, workshops, or meetups?
6. Do you believe spaces like yours play a role in economic growth (e.g., encouraging entrepreneurship, remote work, job creation)? If yes, how exactly?

7. What challenges do you face in maintaining your space as a community or social hub?
8. In your experience, how does your coffee shop bring people together or create opportunities for collaboration or growth?
9. Have any businesses, collaborations, or projects started as a result of people meeting in your space?