

Nook Café's Transformation: Bridging Coffee Culture and Nightlife

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Objective

Nook Café will extend its hours to 11:00 PM on weeknights and 1:00 AM on weekends, introducing alcoholic beverages and premium mocktails to attract both traditional drinkers and health-conscious students. The expansion targets untapped evening revenue from campus residents with limited off-campus access. To assess feasibility, we conducted surveys and analyzed financial and regulatory considerations.

Customer survey

To explore the preferences of Nook Café patrons, we conducted a customer survey that included questions on racial demographics, drinking habits, bar experiences, and preferences. The survey was a success, as students expressed enthusiasm about the idea of a bar serving alcoholic beverages. To see the full survey, please refer to [GitHub](#).

Proposed solution

Reimagine Nook Cafe as a versatile hybrid café of coffee and alcohol, operating until midnight with a curated alcohol menu. Balance the environment between a study-friendly atmosphere and vibrant social space through strategic programming, including trivia nights, karaoke sessions, and DJ events that foster campus community.

Target market

The target market for this business proposal is the campus community, consisting mainly of students, with 47,980 enrolled in 2024. Besides the student population, the newly diversified Nook Cafe is expected to draw faculty and people around the campus because of the extra value added to the cafe.

Competition

The competition for the proposed hybrid coffee shop includes existing coffee shops around the campus that were in hybrid operation before Nook Cafe. There are five of these shops, the foremost being Double Trouble Caffeine & Cocktails. To differentiate itself, Nook Café should emphasize a unique atmosphere and tailored offerings that set it apart, such as offering themed nights or interactive events to foster community engagement.

Value added:

- **Enhanced Profit Margins:** Alcohol offerings deliver substantially higher returns than coffee products alone.
- **Diversified Customer Base:** Extended hours attract evening patrons while maintaining daytime clientele.
- **Campus Community Hub:** Regular events will strengthen student connections and cultivate brand loyalty.

Cost of Diversification, Sales & Revenue

Nook Café's expansion into the alcohol market will cost \$171,985 in its first year, covering licensing, renovations, inventory, staffing, and marketing, with licensing fees alone estimated at \$7,500. The café anticipates peak alcohol sales on weekends, with an average drink price of \$7, generating projected revenue of \$383,200 in the first year and \$420,420 in the second, reflecting 10% growth. Strong evening demand suggests promising long-term profitability, with estimated profits of \$229,320 in year one and \$252,252 in year two. Please refer to [GitHub](#) for the detailed breakdown.

Licensing and Permit	\$3,500	Staffing & Training	\$132,290
Renovations & Equipment	\$12,650	Marketing & Branding	\$4,925
Inventory & Suppliers	\$6,740	Ongoing costs	\$7,880
Total Costs			\$171,985
	Year 1	Year 2 (*10%)	Total 2 years
Weekday Sales	\$152,880	\$168,168	\$321,048
Weekend Sales	\$229,320	\$252,252	\$481,572
Total Revenue	\$382,200	\$420,420	\$802,620
Estimated Profit	\$229,320	\$252,252	\$481,572

Table 1. Estimated Cost for Diversification into a Bar - First Year (top)
and Sales & Revenue Forecasts for the first two years (bottom).

Risk assessment / Market opportunity

The risks for the new hybrid business are

- 1) Shifting Consumer Habits: Alcohol consumption is declining among students, reflecting a broader national trend. According to Gallup data from July 2023, a record-high 45% of Americans now believe that drinking one or two alcoholic beverages daily is harmful—a 6-point increase from 2022 and 17 points higher than in 2018. Only 8% now believe moderate drinking has any health benefits, the lowest percentage on record.
- 2) Rising Demand for Health-Conscious Alternatives: This change in perception is directly fueling demand for healthier, more mindful beverage choices. The global non-alcoholic beverage market reached \$1.22 billion in 2023 and is projected to grow by 5.2% annually through 2028.
- 3) A Crowded Local Market: Nook Cafe is located in a competitive area, with five hybrid coffee/alcohol establishments already in operation. While this highlights strong demand, it also underscores the need for a differentiated concept.

Why Nook is Positioned to Succeed?

Despite these challenges, Nook's location on the University of Houston campus offers a distinct and strategic advantage. With 48,000 students—8,000 of whom live on campus with limited transportation options—there is a captive, underserved market for a high-quality hybrid establishment. Moreover, this risk opens up an opportunity to tap into the growing market of alternative non-alcoholic beverages such as mocktails. These beverages attract both non-drinkers and drinkers looking for alternatives, expanding Nook's potential customer base. We propose positioning these beverages as sophisticated, premium offerings, with unique flavor profiles to further distinguish Nook from competitors in a saturated market.

Conclusion

Nook Café serves the University of Houston with nearly 48,000 students during daytime hours, but experiences long periods of downtime that present an opportunity for transformation. On-campus residents—many without personal transportation—have no walkable venue serving alcohol. The city has inadequate public transit, compounding this mobility challenge. While competitors operate within a five-mile radius of Nook Café, the campus community lacks a comparable option within walking distance. Additionally, the saturated market has led to flat sales and profits. Through value-added service experience, Nook can thrive in the hybrid Coffee Shop market and coast to profitability in the next three years. Our analyses and results are available on GitHub.