Coffee Case Study Bain: <https://www.bain.com/careers/interview-prep/case-library/coffee-case-study/>

Basically this can be boiled down to a question of future profitability of a new coffee shop in and area that might:

* Already have many coffee shops
* Have seasonal highs and lows in demand
* Have rental price or mortgage payment considerations

I would want to know:

* An estimate of the number of customers you would have per period of time
  + Low estimate
  + High estimate
* What your average customer would spend at the shop?
  + Low estimate
  + High estimate
* Costs
  + What the average costs of materials are
  + What the average costs of labor are
  + What the mortgage/rental costs will be
* Break all of this out by season
* Competitive landscape
  + How many shops are in the area?
  + Do they appear saturated? Is there room for another coffee shop? Are these places busy?
  + The simplest possible forecast could be generated by visiting all of the coffee shops in the area and asking them and customers how business is in different times of the year without letting on you are thinking of competing

How do I estimate the size of the market left for my friend?

* Id estimate the size of the market by perhaps looking up the size of the population, the number of existing coffee shops, and see if there is some estimate online of how much people spend out on coffee or at coffee shops every month.
  + 100000 people
  + 1 cup per day average
  + 80% adults
  + .25 are purchased out
  + 2000
* I would also ask if the friend has any idea of how the existing coffee shops look during different parts of the year. How busy are they? If they are not busy this greatly increases the downside probability.

Assume 7 million cups per year

* Price per coffee = £3
* Cost to open shop = £245,610
* Cost to run shop each year = £163,740
* Cost per cup of coffee = £1

2 \* 7 million = 14,000,000

What I missed?

* I wanted to do a breakeven but was unsure how to proceed with the assumptions I was making. It turns out that they did think a good answer was getting the population count and then making a lot of assumptions to get the amount of coffee purchased in the streets of Cambridge.
* How will the organization differentiate itself among its competitors?
* Is there a dominant player that will make it difficult to win share?
* Is the market full of smaller competitors that coffeeCo could beat?

What they missed or purposefully left out?

* Seasonality
* The strength and likely relative ease of entering a market where there are fresh students every year. This is a weakness for incumbents and a boon to the new firm.