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Coffee business perking along

Jon Swedien The Republican Eagle

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Coffee sales are not considered a major economic indicator, but their success or lack thereof in a small economy can add insight into how that economy is faring.

That's because coffee sales, like all retail sales, rely on people having extra cash in their wallets. Yet, many wallets are tight in this tough economy.

In June, the Starbucks at 140 Tyler Road North closed. It was one in a rash of closings for the coffee giant.



Linda Doheny (center), John Gernentz and Katie Quinn took over Lily's cafe from Tom Quanrud (background) and Brian Schneider in June. Quinn says good customer service is key in this tight economy.

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Down the street at Lily's Coffee House, owner Katie Quinn concurs; times may be tight but that doesn't mean someone should overreact. Quinn, along with business partners John Gernentz and Linda Doheny, bought Lily's in June.

Management at the Caribou Coffee, located at 726 Main St., declined to comment at the request of their corporate office.

Bill Hanisch, who owns Hanisch's Bakery with wife Robyn, said he hasn't seen much reduction in business among the morning coffee crowds,

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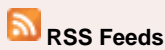
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but did say he's had to raise prices.

"You don't want to do it but you have to," he said, adding food prices for items like eggs have doubled over what they were less than a year ago.

The funny thing is, he said, people didn't react much to the increased prices.

"That surprised me," he said. "People are just used to it."

As far as coping strategies, Quinn said Lily's tries to keep up good customer service.

Hestnas has made her store available for business meetings and private parties. She said this helps her schedule employees, which cuts down on labor costs. Plus, the practice helps ensure against slow days.

"It's something we've tried to do to compensate for a lull in the economy," Hestnas said.

Quinn said it's a "bummer" to see any business shutdown, even if the business is a mega-corporation, because the employees that work there are still local people.

Starbucks' closing had minimal effect on Lily's, Quinn said.

While some java enthusiasts likely picked up new coffee hot spots, the downtown coffee houses are in some ways different from Starbucks, local shop owners agreed. The downtown locations offer sandwiches and other lunch options and provide more seating.

"Starbucks never affected us one way or another," Hestnas said.



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