'Cool' states have more coffee shops, fewer fast-food eateries

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A coffeehouse cappuccino or a fast-food latte? If you're one of the cool people, you'll opt for the java shop on the corner, of course.

Coffee shops and fast-food restaurants share a federal classification industrial code and have enjoyed strong employment growth in the last five years (two-to-three times as fast as the economy overall), albeit with relatively low wages—about $15,000 for baristas and $14,000 for fast-food workers. From an economic perspective, these two industries are indistinguishable.

But when it comes to clientele, they couldn't be more different, says a University of Michigan researcher who has codified the "cool" factor of coffee shops with a state-by-state Cool Place Index.

"The fast-food restaurants are filled with working-class customers and young mothers taking their children out for a treat," said economist Donald Grimes of the U-M Institute for Research on Labor, Employment, and the Economy. "The typical coffee shop is filled with college students or young and middle-aged professionals sipping their lattes while playing with their iPads."

Grimes' Cool Place Index compares the number of fast-food workers to the number of coffee shop employees in each state. Nationally, there are seven times as many Americans working in fast-food joints as there are in coffeehouses—3.94 million fast-food employees versus 561,700 coffee shop workers, an index of about 7.03.

But 19 states and the District of Columbia meet or beat the national average with lower ratios of fast-food versus coffee shop workers. And all of the states are either in the Northeast or West.

The top five are all New England states: Massachusetts (with a 1.80 index, meaning there are less than twice as many fast-food workers as there are coffee shop employees), Rhode Island (1.91), Connecticut (2.08), Maine (2.77) and New Hampshire (3.29). Rounding out the top 10 are New Jersey (3.32), Washington state (3.36), New York (3.38), Alaska (4.04) and Oregon (4.22). The second 10 include Pennsylvania, Vermont, California, Hawaii, Montana, District of Columbia, Delaware, Colorado, Arizona and Idaho.

On the other end of the scale are Alabama (23.39), Mississippi (23.04), Oklahoma (22.55), Arkansas (17.45), Kentucky (16.58), Tennessee (14.67), South Carolina (13.77), West Virginia (13.66), Missouri (13.42) and Indiana (12.76).

Much of the Midwest and Plains states fell in the mid-range on Grimes' Cool Place Index.

"Given the different customer base, local economies should vary in their concentration in fast-food restaurants and coffee shops. Some economies should have more activity in coffee shops and some should have more in fast-food restaurants, and sure enough, they do," Grimes said. "Michigan ranks 31st, right behind our football rivals in Ohio. Ouch."

But Grimes says that states that rank low on his Cool Place Index shouldn't feel too bad.

"It may be that residents of the 'cool' states actually go to coffee shops much more often than residents of other states because it really is cool, as in cold, where they live and they need something warm to drink," he

said.

Provided by University of Michigan