

Can the New Economy Survive without Coffee Shops (and Their Wi-Fi)?

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Series: New York Dossier – The Food Industry Faces the Covid-19 Pandemic

Thomas R. Chung argues that coffee shops play an important role in the creative and tech sectors of the knowledge-based new economy, and shows how the pandemic has disrupted this important node in New York City’s agglomeration economy.

The Covid-19 pandemic hit close to home for many New Yorkers who depend on the hospitality industry, as dining out and drinking are integral parts of the social, cultural, and economic life of the city. Within this sector, coffee shops—as purveyors of caffeine—play a special role in fueling “the city that never sleeps.” There were 3,389 coffee shops in New York City in 2017, a number that does not even include restaurants, bodegas, grocery stores, or other places that sell coffee by the cup.¹ But since the city went into pandemic lockdown in March 2020, at least a thousand restaurants, bars, and coffee shops have permanently closed.² This has resulted in massive job loss and decimated the city’s major commercial districts.

The pandemic has not only affected employees and owners of coffee shops, but also customers, especially those who work in the creative and tech sectors of the knowledge-based new economy. In recent years, coffee shops have taken on new significance as public workspaces for a variety of white-collar professionals because of the growth of remote work, the gig economy, and, perhaps most significantly, nontraditional forms of work (e.g. freelancing and contract work). Previous studies have described coffee shops as “third places” (Oldenburg 1989) for intellectual, social, and even political life (Pendergrast 1999; Ellis 2004; Cowan 2005). Although coffee shops still serve these functions to varying degrees, since the advent of Wi-Fi in 2004 they have also been filled with people wearing headphones or earbuds while diligently working on laptops or tablets.

During the 2010s, the workspace function of coffee shops was enhanced by the development of new agglomeration economies. In New York, clusters of coffee shops and tech and creative firms emerged in the tech and media district on the Brooklyn waterfront (Zukin 2020), as well as around fashion-design, graphic-design, and architecture firms on Manhattan’s Lower East Side and in Brooklyn’s Bushwick and Williamsburg. In a way, coffee shops have bolstered these knowledge-based industries, not only by keeping the workforce caffeinated, but also by providing necessary infrastructure for workers—particularly freelancers—with free Wi-Fi, tables that double as desks, and power outlets, all for the mere price of a cup of coffee. Even now, although most tech and creative workers plan to continue working remotely, they express a preference for working in coffee shops and coworking spaces rather than from home.³

¹ See: <https://medium.com/topos-ai/the-next-wave-predicting-the-future-of-coffee-in-new-york-city-23a0c5d62000>.

² See: <https://ny.eater.com/2020/12/4/21687875/nyc-restaurant-closures-december-2020>.

³ See: www.upwork.com/press/releases/economist-report-remote-work-and-socialization; and www.millionacres.com/real-estate-investing/articles/two-thirds-of-employees-want-a-hybrid-workplace.

Through several years of in-person and Zoom interviews with coffee-shop employees and proprietors, as well as workers in creative and tech industries; ethnographic observation of coffee shops in Brooklyn, Manhattan, and Queens; and content analyses of media articles and research reports; I examine Covid's adverse effects on coffee shops, using them as a window into understanding the hidden impacts the pandemic has had on New York's new agglomeration economy.

Figure 1. A laptop computer in a New York City coffee shop



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Birds of a feather flock together

Agglomeration economies have been a defining characteristic of urban spatial development for years, as evidenced by midtown Manhattan's long-established Garment District and Diamond District, and even vanished concentrations of second-hand bookshops near Union Square and discount clothing stores on the Lower East Side (Zukin, Kasinitz and Chen 2015). While New York's tech industry is nascent compared to its Silicon Valley counterpart, the city has also generated new tech districts (Zukin 2020) alongside its plethora of specialized creative industries. In recent years, as there has been more crossover between the creative, financial, and tech industries, and graphic designers, architects, stockbrokers, writers, and film/TV editors have become more reliant on technology—particularly Wi-Fi—these industries have merged into a “tech and creative” real-estate sector. Coffee shops give this sector street-level visibility and provide a place for various kinds of workers to come together. The “scene” that forms around cafés and other gathering places has economic significance (Currid-Halkett 2007).

In theory, one key difference between older sectors such as the garment or jewelry industries and newer ones such as software and design is that physical proximity is far less important because of the nature of the goods or information that are produced: people can work on computer syntax, Illustrator files, and cryptocurrency portfolios and even share them remotely and instantaneously, unlike textiles and diamonds. Earlier studies predicted that the rise of information and telecommunications technology would result in the disappearance of agglomeration economies

(e.g. Green and Ruhleder 1995). While knowledge-based work has made it easier than ever to work from decentralized and geographically dispersed locations, the establishment and continuing growth of creative and tech districts in urban areas like New York, London, San Francisco, and Seoul have nullified this prediction. Some even argue that in our modern tech-centric world, proximity is needed for innovative collaboration, and geographical clustering is stronger than ever (Goldenberg and Levy 2009; Kim 2002). Still others assert that place very much matters in the digital age, as evidenced by the proliferation and popularity of coworking spaces like WeWork (Grazian 2020). Face-to-face contact and “buzz” remain crucial to urban economies (Storper and Venables 2004).

Coffee shops are often a site at which these different points converge. Although new economy employees can usually get free coffee at their workplaces, and coworking spaces are undoubtedly quieter and more focused work environments, some of my respondents indicated that they preferred to buy coffee at coffee shops. First, it gave them a chance to get out of the office. Not being in their offices significantly reduced their chances of encountering coworkers that they didn’t like. Moreover, some said that the social activity and clicking and hissing noises of coffee equipment actually helped them focus on their work.

While full-time employees in tech and creative firms can choose whether to work in their offices or off-site, coffee shops as inexpensive workspaces have become crucial for freelancers. In addition to functioning as sites where they can work on projects and meet potential clients or employers, working at coffee shops located in new economy hotspots has other benefits. Even though they are not full-time employees, it is important for them to be near firms for logistical or even psychological reasons, in case they need to collaborate or meet in-person, or merely want to feel like a part of the city’s creative ecosystem.

Figure 2. Latte art at Café Grumpy, New York City



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More than just a place to get a caffeine fix

Like restaurants, many coffee shops have adapted to the pandemic by transitioning to takeout or delivery service only. Even during the temporary resumption of dining-in at partial capacity between September 30 and December 14, 2020, few coffee shops reopened their indoor seating areas. Caroline Bell, one of the owners of Café Grumpy, a well-known independent coffee shop with multiple locations in Manhattan and Brooklyn, indicated that it was not worth the trouble of

setting up temperature-check stations and implementing other protocols so people could consume beverages indoors (interview, 2020).

These kinds of restrictions have affected coffee-shop customers who work in the new economy in different ways. Willie Ip, a 28-year-old graphic designer, points out the inordinate toll that Covid-related restrictions have had on freelance designers:

A lot of people who took their computers to work in coffee shops were mainly freelancers that didn't have an office to go to. Since I am full-time, it's not a big deal for me. I do miss sitting in them, but if you don't have the option to do that, I'm okay with it... One can do work at home.

For others, not being able to work on their computers in coffee shops has had more of an impact on their sense of identity as urbanites. Trey Lindsay, a 40-year-old architect, expressed his disappointment at losing some of his preferred public workspaces:

Prior to Covid, I used to enjoy getting work done at cafés. It didn't affect my ability to be productive, but it was a sad loss of social connectivity. When Covid first started and we thought work-from-home would only be a few weeks, my wife and I thought, "let's go work together at a coffee shop!" The appeal was getting out and being part of the city we live in. And the coffee. I would have liked to work remotely from [coffee shops] but everything was shut down.

These responses indicate the continued importance of place in the context of tech and creative agglomeration economies. On one hand, coffee shops are important because they are physical workspaces for new economy employees. But, more intangibly, they are also significant as spaces for sociability and atmosphere, which cannot be underestimated for knowledge-based and creative work.

In some ways, the resilience of coffee shops may have a significant influence on New York City's new economy and its workforce. It is difficult to imagine creative and tech firms without a plethora of coffee shops nearby to help spark innovation and collaboration and keep engineers, designers, and copywriters awake and alert while coding, kerning typefaces, or creating content. Survey respondents confirm this view by saying that they plan to work in coffee shops and coworking spaces rather than in a central office. And, perhaps more importantly, the fate of creative freelancers whose income has been reduced by the pandemic may depend upon the continued existence of "free" workspaces in coffee shops.

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To cite this article:

Thomas R. Chung, “Can the New Economy Survive without Coffee Shops (and Their Wi-Fi)?”, *Metropolitica*, 21 September 2021. URL: <https://metropolitica.org/Can-the-New-Economy-Survive-without-Coffee-Shops-and-Their-Wi-Fi.html>.