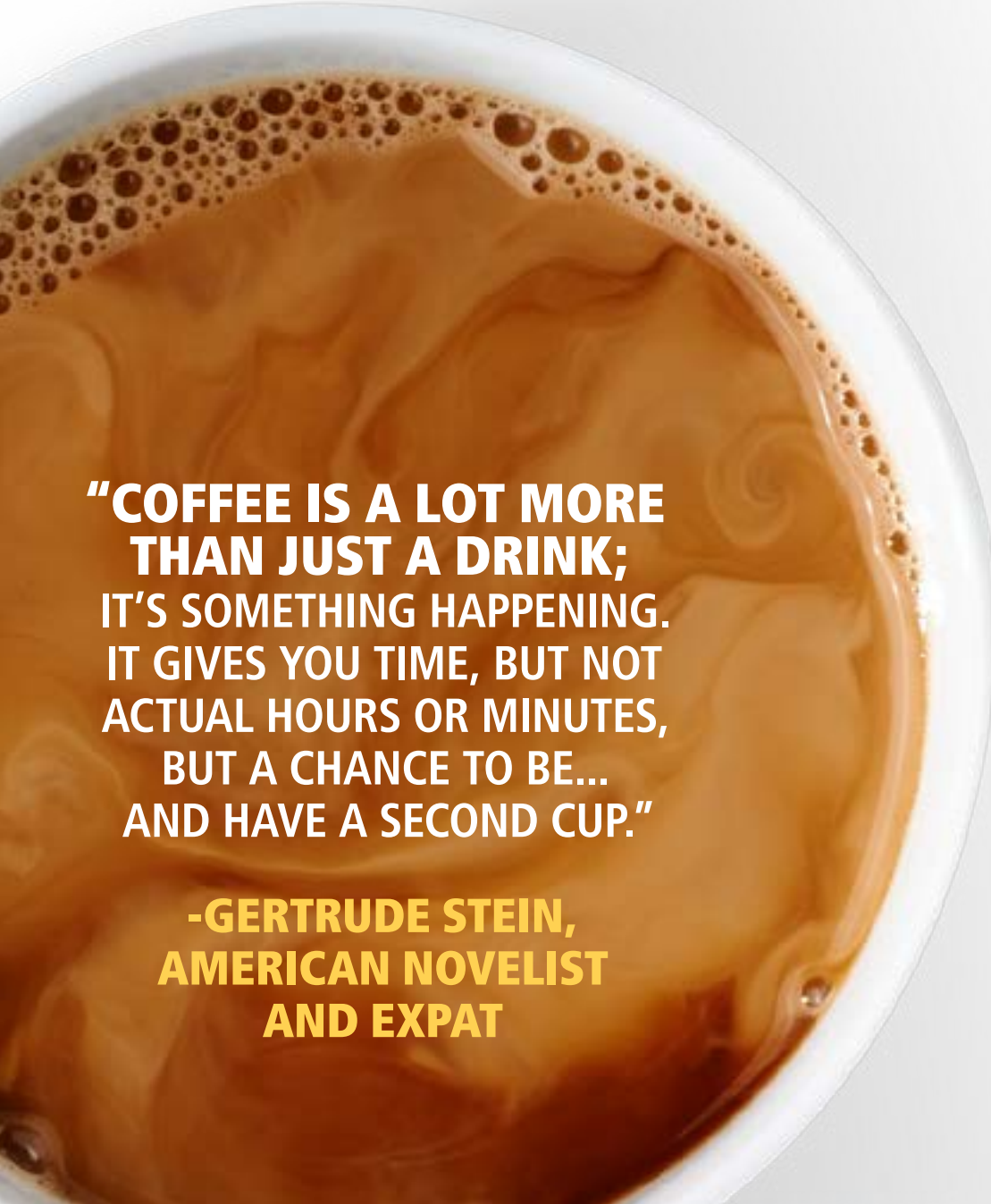




SPECIALTY COFFEE, THE NEW NORMAL

**DOES YOUR BEVERAGE MENU MEET
THE RISING DEMAND FOR BARISTA
STYLE BEVERAGES?**

OLD DOG, NEW TRICKS



**“COFFEE IS A LOT MORE
THAN JUST A DRINK;
IT’S SOMETHING HAPPENING.
IT GIVES YOU TIME, BUT NOT
ACTUAL HOURS OR MINUTES,
BUT A CHANCE TO BE...
AND HAVE A SECOND CUP.”**

**-GERTRUDE STEIN,
AMERICAN NOVELIST
AND EXPAT**

Coffee has been a universal favorite for centuries, but trends are changing rapidly. And there’s a lot at stake. For centuries, coffee was prepared and served as it had been since its origins: roasted, ground and boiled. But in the past two decades, coffee has become an elegant beverage with a host of varieties, customized to each person’s unique preferences. High-quality beans and specialty coffees have become mainstream and, while trends can be fleeting, this new wave of the average joe coffee connoisseur seems to be here to stay.

THE DAILY GRIND

AMERICAN CONSUMERS



**10% ENJOY
ICED COFFEE
DAILY**



**43% ENJOY
BREWED
COFFEE DAILY**

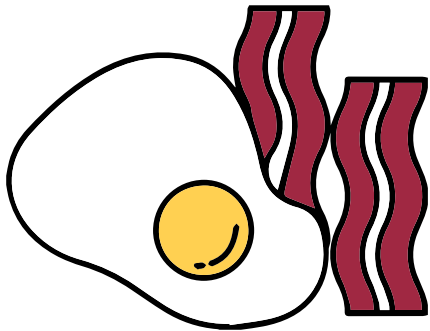


**6% ENJOY
FROZEN
COFFEE DAILY**

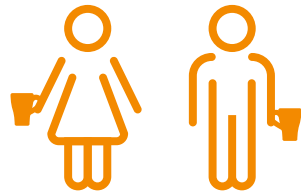
MARKET SIZE: \$48 BILLION IN VALUE FOR THE US COFFEE MARKET

COFFEE BITES:

SNACK SIZED DATA FOR YOUR DRINKING PLEASURE



71-74% COFFEE DRINKERS have an early morning beverage or beverage with breakfast.



MEN DRINK AS MUCH COFFEE AS WOMEN; EACH CONSUMING AN AVERAGE OF 1.6 CUPS PER DAY

80% OF BREWED COFFEE CUPS AWAY FROM HOME INCLUDE A CONDIMENT SUCH AS CREAMER OR SWEETENER



Among those who drink brewed coffee weekly



67% take creamer

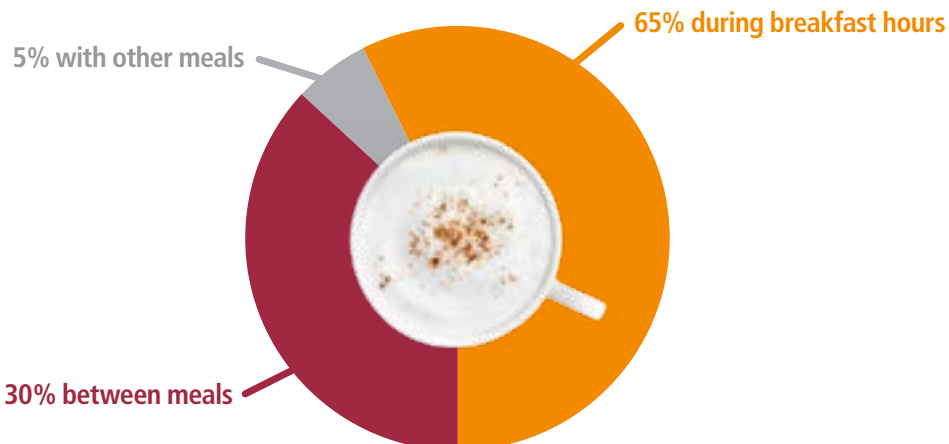


48% use sweetener



8% take flavored syrup

WHEN WE DRINK COFFEE



THE AVERAGE PRICE FOR BREWED COFFEE IS

\$2.38 per serving



THE AVERAGE PRICE FOR AN ESPRESSO BASED DRINK IS

\$3.45 per serving

AWAY FROM HOME: COFFEE AS A TREAT



Coffee is no longer just something we choke down for a caffeine fix. The landscape of specialty coffees and high quality roasts, and the subsequent spread of coffee shops has made the habit more like a coveted ritual or a midday reward.

AWAY FROM HOME: COFFEE AS A TREAT

WHEN IT COMES TO
SPECIALTY COFFEE,
QUALITY LEADS.



27%

OF THOSE WHO HAD **BREWED COFFEE** AFH
CHOSE THEIR DESTINATION FOR QUALITY



42%

OF THOSE WHO HAD **SPECIALTY COFFEE** AFH
CHOSE THEIR DESTINATION FOR QUALITY



42% OF PEOPLE
POLLED SAID THEY
DRINK COFFEE FROM
COFFEE SHOPS
"FOR TASTE"



REGULAR COFFEE DRINKERS NAME
AMBIANCE AND ENVIRONMENT AS TOP
MOTIVATIONS FOR WHERE TO GET COFFEE
AWAY FROM HOME (AFH), RISING FROM 15%
TO 18% BETWEEN 2012 AND 2015

COLD COFFEE IS USUALLY
CONSUMED AS A STANDALONE
ITEM. WHEN ASKED ABOUT
THEIR LAST COLD COFFEE...



Had cold coffee
without anything else



Chose a destination specifically
for the cold coffee

 30% OF COFFEE IS CONSUMED BETWEEN MEALS 

GREAT EXPECTATIONS: CUSTOMIZATION



Double shot? Soy milk? Extra hot? Skinny vanilla? If you can name it, you can get it. That's what today's coffee consumers have come to expect away from home. Iced, frozen, flavored and drip – despite the variety, coffee drinkers are habitual and they want what they want. Now, it's critical for operations to have the in-house capability of supplying customized specialty coffee without the overhead of extensive equipment and experienced baristas.

GREAT EXPECTATIONS: CUSTOMIZATION

28 MILLION AMERICANS ENJOY SPECIALTY COFFEE DAILY



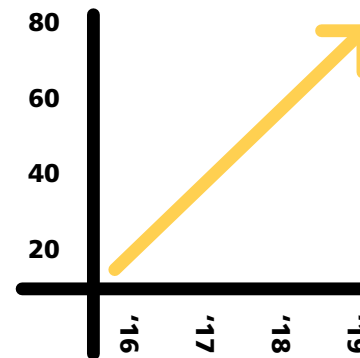
More than a third of coffee sales are now specialty coffee (38%)

Of those who had specialty coffee AFH in the past week, 25% chose their destination based on customization



OF THE POPULATION, EQUIVALENT TO 150 MILLION AMERICANS, DRINK ESPRESSO, CAPPUCCINO, LATTE, OR ICED/COLD COFFEES.

Specialty coffee sales are increasing by 20% per year



Specialty cups have recently captured **51%** of the market share, ahead of non-specialty for the first time.



ICED COFFEE

71% REPORTED THAT THEIR LAST ICED COFFEE WAS FLAVORED

115% GROWTH IN THE LAST YEAR

100%



AWAY FROM HOME: CONVENIENCE



Busy Americans need their coffee fix. If the demand for customization wasn't enough, consumers also expect to have exactly what they want, when they want it. Coffee shops have stepped up their game to offer drive-thru options and apps for preordering. Additionally, gas stations, convenience stores and supermarkets now offer freshly brewed and specialty coffees, so the weekend shoppers and morning commuters can grab a foamy cappuccino on the go.

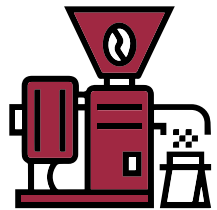
AWAY FROM HOME: CONVENIENCE



CONVENIENCE

50%

of consumers choose their brewed coffee destination because of convenience.



AMONG THOSE POLLED WHO HAD SPECIALTY COFFEE AFH IN THE PAST WEEK.

40%

CHOSE THEIR DESTINATION FOR CONVENIENCE.



COLD COFFEES ARE MORE LIKELY TO BE HAD AFH THAN OTHER DRINKS



Over 1 in 3 coffee servings consumed away from home are specialty coffees.

THE AVERAGE ESPRESSO DRIVE-THRU BUSINESS SELLS APPROXIMATELY



200-300 CUPS OF ESPRESSO AND COFFEE BASED DRINKS PER DAY.

WHO'S LEADING THE CHARGE?



With a rising emphasis on quality, coffee drinkers are more willing to pay a premium. Lesser-known brands often appeal to the coffee buff, but industry goliaths like Starbucks continue to lead the charge with other reputable large roasters in a close second.

WHO'S LEADING THE CHARGE?

AWARENESS VS APPEAL:

DUNKIN DONUTS



STARBUCKS



SEATTLE'S BEST



CARIBOU



PEETS



WRAPPING UP



Consumers are spoiled. Convenience, variety and quality vie for top priority and coffee drinkers are coming to expect it all. As the culture around coffee shifts, there's rising pressure on suppliers and business operators to provide high-quality specialty coffee. Innovations in machinery are making it possible for restaurants, hotels, FSRs and small storefronts to offer customized options without the expense of experienced baristas and two-ton espresso machines. But it's no longer a competitive edge; now it's a critical component of any beverage offering.

The good news: more and more consumers are replacing their black coffee with lattes, and willing to pay the premium. This is creating a new opportunity to capitalize on current coffee trends and increase profits and margins on café style beverages.

WRAPPING UP

TAKE ADVANTAGE OF THE TRENDS:



THE AVERAGE PRICE FOR
BREWED COFFEE IS

\$2.38



THE AVERAGE PRICE FOR AN
ESPRESSO BASED DRINK IS

\$3.45



THE AVERAGE LATTE SELLS FOR
ALMOST DOUBLE THE PRICE OF A
CUP OF COFFEE

2 x 

VARIETY IS IMPORTANT:

70%

PROBABILITY OF SELLING
A NEW ITEM



TO AN EXISTING
CUSTOMER

GET IT RIGHT! ...THE FIRST TIME

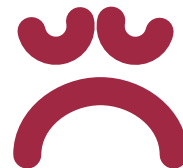
70%

OF CONSUMERS
SAY DISAPPOINTING



coffee negatively impacted their attitudes
or behavior toward the offending restaurant

12 POSITIVE EXPERIENCES



MAKE UP FOR ONE UNRESOLVED
NEGATIVE EXPERIENCE

