

20 CATEGORY 15 INSIGHT



Coffee Beverage Overview

CATEGORY OVERVIEW

For many Americans, coffee is no longer merely a caffeine delivery system, but is enjoyed in a variety of formats throughout the day-- at home, on-the-go, and at their favorite foodservice establishments. In fact, over 80% of Americans drink coffee, with 61% consuming it daily!

Overall consumption continues to shift towards gourmet coffee, with espresso-based beverages driving the growth. Consumers 25-39 years of age consume gourmet coffee beverages most often.

Throughout retail and foodservice, there are several options available to meet the needs of consumers!

Brewed Coffee

While enjoying coffee at-home, multi-serve drip coffee makers remain the most commonly owned brewer type, however, single-cup pod coffee makers are steadily replacing them as the default brewing apparatus in US households, especially those occupied by younger consumers. Aligning with this trend, an increasing number of new product introductions are in the single-serve category.

Ready To Drink Coffee

RTD coffee continues to advance strongly and accounted for a record 14% of all US coffee innovation during 2013 compared to just 4% in 2011. The RTD coffee retail market has been influenced by the rising popularity of iced coffee in foodservice.

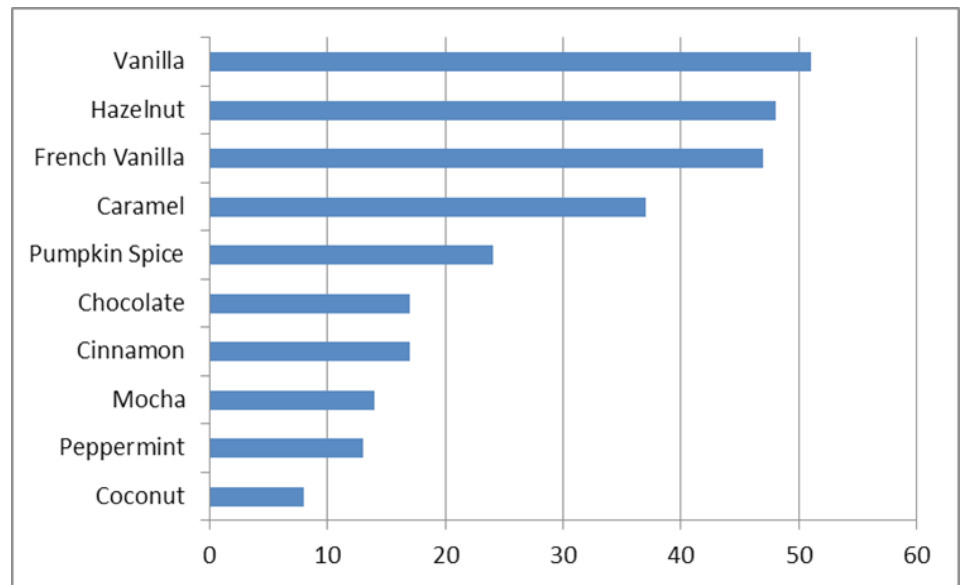
New fresh, multi-serve cartons, such as the emergence of International Delight Sweet & Creamy Iced Coffee and other followers are the main driver behind the RTD growth.

Cold Brew Coffee

The new rage in the RTD coffee space is “Cold Brew” coffee, a more premium sub-segment which is less indulgent and more artisanal in style in contrast to other popular iced coffees, frappes and RTD coffees in retail. Over a quarter of new RTD products in retail were cold brew in 2014 compared to just 5% in 2013.

Cold brew coffee, sometimes referred to as the new “Craft Coffee” option, at no point uses heat in its preparation which means that it extracts less of the coffee beans bitterness resulting in a mellower, less acidic, naturally sweet and slightly juicy taste.

Top Coffee Flavor New Product Introductions: 2010 - 2014



Source: Mintel GNPD; Coffee and RTD Coffee Categories. Products include instant coffee, coffee beans, ground coffee, flavoured coffee, RTD Coffee, and coffee substitutes (such as chicory). Includes coffee pods and coffee concentrates for making coffee drinks. USA January 2010 - December 2014

Harry & David Chocolate Cherry Decadence Single-Serve Coffee

Consists of 100% Arabica beans with deep notes of chocolate and cherry.



Wegmans Raspberry Hazelnut Flavored Specialty Coffee

Features bright notes of raspberry highlighted with warm hazelnut.



International Delight Sweet & Creamy Mocha Iced Coffee

This product is made with 100% premium Arabica coffee blended with real cocoa, milk and cream.



Chameleon Cold-Brew Vanilla Coffee

Made with beans that are tailor-roasted and brewed slowly for over 16 hours to create a smooth low-acid coffee with a hint of lightly sweetened vanilla.

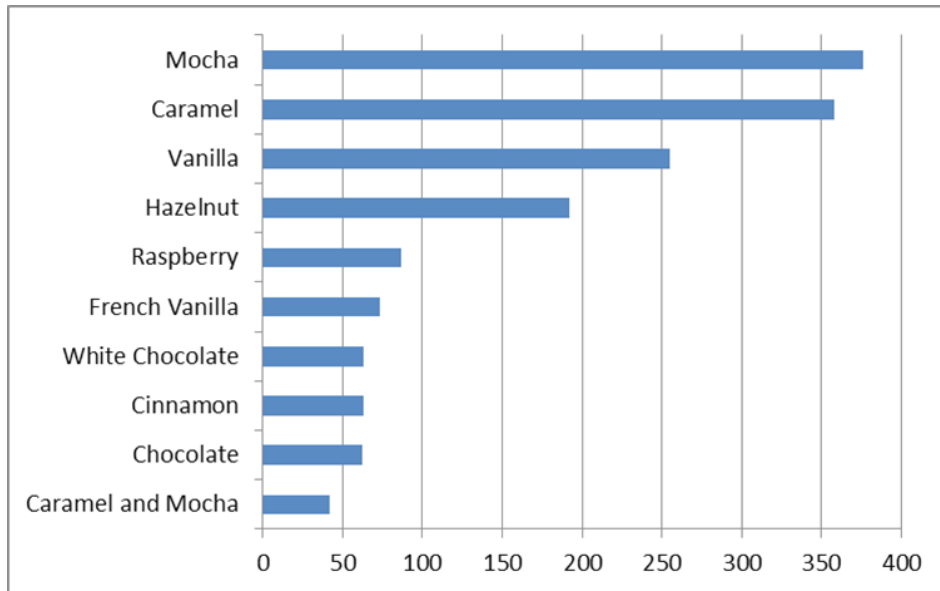


Coffee on the Menu

Coffee within Foodservice has become an increasingly crowded area with a range of competition as well as competing with the rise of single-serve machine sales. Restaurants are responding with new varieties of the country's favorite beverage, as well as putting a greater focus on food, ambience and overall experience.

Lattes take the lead as the most popular coffee beverage type listed on menus, followed by coffee, cappuccinos and coffee frappes. These drinks can be tailored in many ways, tying into consumers' wishes for customized drinks.

Top Coffee Beverage Flavors on the Menu: Q1-Q4 2014



Source: Mintel Menu Insights

Menu Items of Note

Mexican Chocolate Latte features warm **cinnamon** and rich **chocolate** to create an indulgent experience. Featured at The Coffee Bean & Tea Leaf.

Maple Latte is described as an earthy sweetness of natural **maple**, hand-pulled espresso and perfectly steamed milk. Featured at Peet's Coffee & Tea.

Red Velvet Cookie Chiller: An icy blend of **chocolate**, coffee, milk and cookie, flavored with **red velvet cupcake**. Featured at Gloria Jean.

Sources: Mintel GNPD, Mintel Menu Insights, Mintel Food & Drink, NCA National Coffee Drinking Trends 2014