



A COFFEE CLOSEUP; PART 2: GROWING TYPES AND INTERESTING FLAVORS

2018 • TREND INSIGHT REPORT

As we mentioned in our first [Coffee Closeup \(Who, When & Why\)](#), coffee consumption in America is not only consistent – it's consistently high. The average coffee drinker has more than 3 cups each day. In this closeup on coffee, we'll zero in on the growth and expansion of formats as well as some incredibly unique and innovative flavors hitting the market.

WHAT TYPES OF COFFEE ARE CONSUMERS DRINKING?

Traditional hot coffee is still the most popular format, however, its losing market share to new coffee types. For example, 21% of consumers claim to have tried cold brew coffee, which is up 6% YTD. Additionally, 8% of consumers have tried flat white varieties, and 5% claim to have tried nitrogen carbonated coffee. Gourmet beverages such as these are driving the increase in past-day coffee consumption. From 2016 to 2017 the number of people reporting having a gourmet coffee drink in the past day rose 10 points from 31% to 41%.



What is a Flat White?

Espresso-based beverages such as a flat white are driving past-day coffee consumption. So what exactly is a flat white? It's an espresso-based beverage prepared by pouring steamed milk over a shot of espresso. Starbucks features a seasonal holiday drink called a Holiday Spice Flat White that returned for a third year. It features Ristretto shots of (concentrated) espresso infused with warm holiday spices "subtle enough to let the coffee really shine through," according to bustle.com, resulting in a less sweet "experience (for true coffee lovers) that shouldn't be missed."

AT-HOME PREPARATION

DRIP COFFEE MAKER 46%

SINGLE-CUP BREWER 29%

ESPRESSO

Espresso, which chef and food scientist Matthew Robinson calls a “beautiful shot of intensity,” continues to grow in popularity and break consumption records. The National Coffee Association recorded the highest levels to date of past-day use in 2017 at 24%.

Younger consumers are driving the boost. Weekly, 45% of 18-24 year olds and 52% of 25-39 year-olds drink espresso-based beverages. And perhaps a few of them attended Sproga in Detroit: a new espresso & yoga class at Foundation Hotel featuring Anthology Coffee from the hotel’s Apparatus Room espresso/liquor bar.

“WE’RE STILL IN THE INFANCY AS FAR AS ESPRESSO GOES. WE DON’T UNDERSTAND THE FULL POTENTIAL OF WHAT WE CAN DO WITH IT. THAT’S EXCITING TO ME. IT MEANS I’M PART OF AN INDUSTRY THAT HAS FORWARD MOMENTUM.”

T.J. WILSON, OWNER OF JOHN GALT COFFEE CO.
IN GREELEY, COLORADO



Heyday Strong & Smooth Espresso Cold-Brew Coffee is described as strong and super smooth. The Fair Trade USA Certified coffee is made with non-GMO coffee beans, and contains 60 calories, 7g sugar and 120-140 mg caffeine. USA October 2017



Forto Strong Coffee Espresso Energy Drink features 100% natural, pure coffee made of 100% arabica beans. Described as a “wholesome energy drink,” one bottle is said to equal two cups of coffee. This naturally flavored cold brewed product contains 200mg caffeine. US August 2017



Frizz Coffee Sweet Bubbly Espresso is described as a pasteurized soft sparkling drink. US August 2017 course on a bed of greens.



KonaRed Espresso Cold Brew Coffee is claimed to be the smoothest, best-tasting craft cold brew coffee on the planet. The handcrafted, all-natural Hawaiian coffee is free from GMO, gluten and dairy, is low in acidity and suitable for vegans. It is also said to be functional, sustainable and traceable. US April 2017

COLD COFFEE

According to Fox Business, IRI data shows that U.S. retail sales of refrigerated ready-to-drink (RTD) coffee rose 29% in the 52 weeks ended Sept. 10 to more than \$289 million.

The broader category of ready-to-drink coffee, which also includes drinks sold at room temperature but intended to be chilled after opening, is valued at nearly \$2.7 billion, according to estimates from Mintel, which predicts sales will reach more than \$4.4 billion in the next five years.

Cold brew sales jumped up 580% between 2011 and 2016.

RTD coffee is one of the fastest growing non-alcoholic beverage categories in retail and perhaps the greatest retail threat to coffee houses. While coffee houses win in freshness and quality, convenience is a main purchase motivator stated by consumers.

“The ability to have something for on-the-go consumption is really important,” says Dave Burwick, chief executive of Peet’s Coffee. That’s why, despite Burwick’s explanation that cold brew is “particularly challenging and expensive to produce,” coffee retailers believe they need to “offer more cold alternatives for younger consumers who eschew hot coffee.”

A 24-year-old in Little Rock, Arkansas, told Fox Business that she keeps a 32-ounce bottle of cold brew in her refrigerator and pours

herself a cup every morning to drink during her drive to work. She said one bottle lasts her about a week and a half. “It’s easier than waiting for my coffee maker to start,” she said, and faster than waiting in line at a coffee shop.”

Another reason for the rise of RTD coffee? The falling popularity of soft drinks in the U.S. and beyond. “It is probably not a coincidence that canned or bottled ready-to-drink cold coffee is catching on at a time when fewer are drinking carbonated soft drinks, including the caffeinated colas,” said Karen Bundy, V.P. of Food & Beverage Marketing at Multi-sponsor Surveys. In fact, we do see younger consumers reaching for cold coffee when they need a boost, instead of sodas and energy drinks, often viewed as unhealthy.

But for those who want coffee and an energy drink, Monster Beverage Corp. is launching two new espresso energy drinks: Espresso & Cream and Vanilla Espresso. The drinks include three shots of espresso blended with European milk and Monster’s energy blend.

**COLD COFFEE IS THE BEVERAGE OF
CHOICE AMONG 18- TO 35-YEAR-OLDS,
THE DEMOGRAPHIC GROUP DRIVING
COFFEE CONSUMPTION IN THE U.S.**



Stumptown Honey Lemon Sparkling Cold Brew Coffee is described as a sweet and sparkling cold brew that creates a refreshing new take on cold brew coffee. It is said to have the sweetness of Oregon honey, brightened with a twist of lemon. The product contains 6% juice. US August 2017



Confluence Coffee Co. Coconut Flavoured Nitro Cold Brew Coffee features caramel, coconut and dark chocolate flavors. This craft product is sustainably sourced. US October 2017



Almond Bliss Cold Brew Coffee Almond Beverage is a non-dairy almond beverage. It is vegan and free of lactose, gluten, carrageenan, soy, eggs, cholesterol and peanuts. Canada October 2017



Picnik Dirty Chai Butter Coffee is said to be made with responsibly sourced ingredients including MCT oil and grass-fed butter and whey, and is sweetened with maple syrup. The product provides 10g of protein. US June 2017

PRO & CON: REAL CONSUMERS TALK PICNIK'S BUTTER COFFEE

“

Butter coffee is trending, I'd love to try a convenient option.

-Female, Midwest, 35-54

”

“

I like coffee, but buttered flavor wouldn't be for me.

- Female, Northeast, 55+

”

FLAVORS: IT'S ALL ABOUT THE NEW & DIFFERENT

"People's tastes and flavor preferences have changed quite a bit over the last few years," said Bob Hutson of Aunt Helen's Coffee in downtown Greeley, Colorado. "People expect bigger, better and more. Coffee today has gone somewhere it's never been."

We certainly see that when looking at new ingredients popping up in recent RTD launches. Exciting and perhaps eyebrow-raising ingredients such as Blood Orange Juice, Date Honey, Sour Cherry Juice, Butter Milk, and Tangerine Juice are all vying for curious and adventurous consumers' attention.



Rise Brewing Co. Seasonal Nitro Blood Orange Coffee is a seasonal product brewed with purified water, organic beans and fresh, organic blood oranges, and then infused with nitrogen, which is said to give the coffee a sweet, creamy and refreshingly smooth taste. US October 2017



Upruit Sparkling Tart Cherry Cold-Brew Coffee is said to be an all-natural product comprised of cold pressed fruit and sparkling cold brew coffee, and is said to be a natural source of antioxidants, electrolytes and caffeine. It contains 37% juice, is the equivalent of one cup of coffee, and is free from GMOs. US October 2017



Rebel Kitchen Organic Coconut Milk Drink with Coffee contains only four ingredients for a simple, bold taste. It is free from GMOs, emulsifiers, carrageenan, additives, preservatives, dairy, soy and refined sugar. It is suitable for vegan and paleo diets. US October 2017 (imported from UK)

Top 10 Flavors for RTD Coffee

- Unflavoured
- Vanilla/ French Vanilla/ Vanilla Bean
- Caramel
- Salted Caramel
- Mocha/ Cocoa/ Chocolate
- Coconut
- Pumpkin Spice
- Peppermint
- Hazelnut
- White Chocolate

SOURCE: MINTEL

Interesting Flavor Finds

- Cinnamon
- S'mores
- Coconut Water
- Butter
- Citrus
- Banana Split
- Maca
- Honey Lemon

SOURCE: MINTEL

PRO & CON: REAL CONSUMERS TALK PICNIK'S BUTTER COFFEE

“

I have not seen a salted caramel flavor before and would like to try it.

-Female, South, 35-54

”

“

Not a good flavor combination for me.

- Male, South, 55+

”

TAKEAWAYS

An incredibly dynamic and exciting space, the opportunities in coffee seem limitless. We advise an informed focus on what consumers want as you take on new product development. Taste and quality are a priority for the coffee consumer, and pushing the boundaries is completely permissible. First, create newness in both format at flavor. Second, showcase your quality. And finally, make it convenient to enjoy.

YOU DESERVE MORE. LET'S GET STARTED.

What does true partnership look like? You deserve a flavor partner ready to turn these trends into the tangible.

Let FONA's market insight and research experts get to work for you. Translate these trends into bold new ideas for your brand. Increase market share and get to your "what's next." Our technical flavor and product development experts are also at your service to help meet the labeling and flavor profile needs for your products to capitalize on this consumer trend. Let's mesh the complexities of flavor with your brand development, technical requirements and regulatory needs to deliver a complete taste solution.

From concept to manufacturing, we're here for you — every step of the way. Contact our sales service department at 630.578.8600 to request a flavor sample or chat us up at www.fona.com/contact-fona/



Need more than just a sip?

Kari is your friendly coffee expert, and is ready to help.
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