U.S. Coffee Consumption Trends

Presented to the
International Coffee Organization
Promotion and Market Development Committee
September 19th, 2016
William Murray
What is the NCA?

- Founded in 1911
- Not-for-profit 501(c)(6) trade association
- 8 staff members
- 350 members: Roasters, Growers, Importers, Transportation, NGOs, Coffee Shops, Allied Organizations, others...
What do we do?

- Education
- Regulatory and Advocacy Work
- Science
- Networking and Business Discounts
- Market Research and Statistics
Since 1950

2,782 Respondents in 2016, 18+

Online, bilingual (Spanish/English)

Sample weighted for ethnicity, regionality, age, gender

Respondents drank a beverage other than tap water in prior day

Margin of Error: +/- 1.9%
Top Line

• Coffee consumption is down significantly from 65 years ago...but holding steady.
• There is an evolving preference for gourmet coffee beverages
• There are significant generational differences in what, how and where coffee is consumed.
• Some have compared this evolution to the wine drinking evolution in the U.S. during the 70’s.
• Single serve remains strong – beware of click-bait headlines suggesting otherwise.
• Consumers tell us they care.
A GLOBAL PERSPECTIVE

Coffee consumption [kg per capita and year]

- >9
- 6-9
- 4-6
- 2-4
- 1-2
- no data
PERCENT DRINKING COFFEE YESTERDAY

1954: 77.8%

2016: 56.5%

Percent of population 18+

NCA Data/Datassential Slide Design
PERCENT DRINKING YESTERDAY

Percent of population 18+

Coffee: 57%
Tap Water: 46%
Soda: 38%

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DRINKING YESTERDAY CONT’D

Percent of population 18+

- All Coffee: 57%
- Bottled water: 54%
- Tap water: 46%
- Tea: 44%
- Soda: 38%
- Milk: 28%
- Beer/Liquor/Wine: 28%
- Juice: 27%
- Sports drinks/energy drinks/energy shots: 11%

Down From 50% in 2012

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Traditional Coffee

Gourmet Coffee Beverages

Percent of population 18+


51 54 56 54 50 48 43

24 25 32 31 34 31 31

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TYPES OF GOURMET COFFEE BEVERAGES DRUNK PAST WEEK

Percent of population 18+

- Traditional Coffee - Gourmet: 21%
- Cappuccino: 18%
- Latte: 16%
- Espresso: 14%
- Frozen Blended Coffee: 13%
- Café Mocha: 13%
- Caffè Americano: 10%
- Cold brew coffee: 8%
- Macchiato: 8%
- Iced coffee infused with Nitrogen: 5%
- Flat white: 4%

NCA Data/Datassential Slide Design
# Familiarity with Specialty Coffee

Q: Please rate your familiarity with each of the following SPECIALTY COFFEE beverages.

<table>
<thead>
<tr>
<th>Specialty Coffee Beverage</th>
<th>Can Define It</th>
<th>Know It (but not able to define it)</th>
<th>Heard of It (but not sure what it is)</th>
<th>Not At All Familiar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cappuccino</td>
<td>41%</td>
<td>45%</td>
<td>12%</td>
<td>2%</td>
</tr>
<tr>
<td>Latte</td>
<td>37%</td>
<td>43%</td>
<td>18%</td>
<td>3%</td>
</tr>
<tr>
<td>Shot of espresso</td>
<td>35%</td>
<td>36%</td>
<td>22%</td>
<td>7%</td>
</tr>
<tr>
<td>Café Mocha</td>
<td>34%</td>
<td>42%</td>
<td>20%</td>
<td>5%</td>
</tr>
<tr>
<td>Macchiato</td>
<td>19%</td>
<td>33%</td>
<td>31%</td>
<td>17%</td>
</tr>
<tr>
<td>Café Au Lait</td>
<td>18%</td>
<td>25%</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>Café Americano</td>
<td>18%</td>
<td>25%</td>
<td>30%</td>
<td>26%</td>
</tr>
</tbody>
</table>

n=3422
PERCENT DRINKING COFFEE YESTERDAY – BY

Percent of population 18+

18-24: 50, 63, 65
25-39: 41, 59, 69
40-59: 45, 62, 71
60+: 48, 76

Significantly higher / lower vs. previous year

2012: 63, 65, 64
2013: 62, 63, 65
2014: 57, 62, 65
2015: 59, 63, 65
2016: 51, 69, 76

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ADDITIVES

Percent of past-day coffee drinkers 18+

- Whitened & Sweetened: 47%
- Whitened ONLY: 20%
- Sweetened ONLY: 9%
- Nothing: 24%

NCA Data/Datassential Slide Design
BLACK
Percent of past-day coffee drinkers 18+

<table>
<thead>
<tr>
<th>Age</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>15</td>
</tr>
<tr>
<td>25-34</td>
<td>12</td>
</tr>
<tr>
<td>35-44</td>
<td>19</td>
</tr>
<tr>
<td>45-54</td>
<td>24</td>
</tr>
<tr>
<td>55-64</td>
<td>28</td>
</tr>
<tr>
<td>65+</td>
<td>35</td>
</tr>
</tbody>
</table>

NCA Data/Datassential Slide Design
PLACE OF CONSUMPTION

Percent of past day coffee drinkers 18+

79% Drinking In-Home

40% Drinking Out-of-Home
WHO IS PREPARING AT-HOME?

Percent of past day coffee drinkers 18+

| Age  | 18-24 | 25-39 | 40-59 | 60+
|------|-------|-------|-------|-----
|      | 70    | 75    | 76    | 94  | 60   

NCA Data/Datassential Slide Design
WHO IS DRINKING OUT-OF-HOME?

Percent of past day coffee drinkers 18+

- 18-24: 50%
- 25-39: 51%
- 40-59: 42%
- 60+: 16%

NCA Data/Design
Top Line

• Coffee consumption is down significantly from 65 years ago... but holding steady.
• There is an evolving preference for gourmet coffee beverages
• There are significant generational differences in what, how and where coffee is consumed.
• Some have compared this evolution to the wine drinking evolution in the U.S. during the 70’s.
• Single serve remains strong – beware of click-bait headlines suggesting otherwise.
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BREWING METHOD YESTERDAY

Percent of past day coffee drinkers 18+

- Drip coffee maker: 50%
- Single-cup brewer: 28%
- Espresso machine: 12%
- Instant coffee - Can or jar: 10%
- Instant coffee - Stick Pack: 2%
- Purchased ready-to-drink in a bottle or can: 6%
- Cold brewing (NET)*: 4%
- Moka stove top (octagonal Italian style brewer): 4%
- French press/plunger: 3%
- Percolator: 2%
- Pour Over (e.g. Chemex): 2%
- Coffee Strainer: 2%
- Coffee concentrate: 1%

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29% of US households claim to own a single-cup brewer as of 2016.
SINGLE-CUP BREWER PURCHASE INTENT

Percent of those aware of single-cup brewers and do not own one aged 18+

10% of those who know single-cup brewers and do not currently own one say that they will definitely or probably buy one in the next 6 months.

They are more likely to be:

- Aged 18-39
- Live in a major city
- Have kids in HH

NCA Data/Datassential Slide Design
SINGLE-CUP BREWERS ARE THE MOST DESIRED WORKPLACE COFFEE PREPARATION METHOD

Percent of those 18+ who have a workplace coffee area

35
28
17
12
7

NCA Data/Datassential Slide Design
Top Line

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<table>
<thead>
<tr>
<th>Feature</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>The level of roast is specified</td>
<td>70</td>
</tr>
<tr>
<td>Coffee produced from a single origin</td>
<td>61</td>
</tr>
<tr>
<td>Grown on farms that treat workers well</td>
<td>58</td>
</tr>
<tr>
<td>Rainforest Alliance</td>
<td>57</td>
</tr>
<tr>
<td>Fair Trade</td>
<td>57</td>
</tr>
<tr>
<td>Grown in an environmentally sustainable way</td>
<td>55</td>
</tr>
<tr>
<td>The company supports the communities in which the coffee is produced</td>
<td>53</td>
</tr>
<tr>
<td>Organic</td>
<td>52</td>
</tr>
<tr>
<td>Bird friendly</td>
<td>51</td>
</tr>
<tr>
<td>Blended coffee</td>
<td>50</td>
</tr>
<tr>
<td>Donates a percent of proceeds to a charitable cause</td>
<td>50</td>
</tr>
<tr>
<td>The grind is specified</td>
<td>49</td>
</tr>
<tr>
<td>Conservation International</td>
<td>47</td>
</tr>
<tr>
<td>Shade Grown</td>
<td>46</td>
</tr>
<tr>
<td>Made with 100% Arabica beans</td>
<td>43</td>
</tr>
<tr>
<td>Provides instructions for how to use the coffee for different brewing methods</td>
<td>42</td>
</tr>
<tr>
<td>Utz</td>
<td>41</td>
</tr>
<tr>
<td>Made with 100% Robusta beans</td>
<td>31</td>
</tr>
<tr>
<td>Small batch</td>
<td>26</td>
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National Coffee Drinking Trends

America's love affair with coffee is more complicated than ever before.
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No part of this publication may be reproduced, re-recorded or published in any form including print, photocopied, microfilm, electronic or electromagnetic record without written permission from The National Coffee Association, 45 Broadway Suite 1140, New York, NY 10016.
There are fifty pre-loaded tables with data for 2013-2016. Each can be customized using five variable groups: Gender, Income, Region, Age, and Ethnicity.
Past-Day Penetration of Coffee by Type – 2013 to 2016

Percent Drinking

- Total Coffee
- Traditional Coffee - Total
- Traditional Coffee - Not Gourmet
- Instant
- Decaffeinated
- Gourmet Coffee Beverages (Net)
- Espresso-based Beverages
- Traditional Coffee - Gourmet

Combined to Create Gourmet Coffee Beverages

* Gourmet Coffee Beverages (Net) also includes Iced/Frozen blended coffee and ready-to-drink coffee beverages, but is not shown in the graph.
Past-Day Penetration of Coffee by Type – 2013 to 2016

Percent Drinking

- 2013
- 2014
- 2015
- 2016

Total Coffee: 69, 65, 68
Traditional Coffee - Total: 61, 57, 48
Traditional Coffee - Not Gourmet: 47, 38, 36, 30
Instant: 4, 9, 10
Decaffeinated: 14, 13, 8, 10
Gourmet Coffee Beverages (Net): 33, 37, 30, 49
Espresso-based Beverages: 17, 21, 16
Traditional Coffee – Gourmet: 18, 23, 16, 23

Combined to Create Gourmet Coffee Beverages

Filter: Baseage = all - Gender = Male - Region = Northeast - Age = 18-24, 25-39, 40-59 - Income = $50,000 to $74,999, $75,000 to $99,999, $100,000 or more - Ethnicity = White/Caucasian

* Gourmet Coffee Beverages (Net) also includes Iced/Frozen blended coffee and ready-to-drink coffee beverages, but is not shown in the graph.
With thanks to...

• Mark DiDomenico, Datassential (Chicago, IL)
  – Slides, analysis, insights

• Michael Edwards, DIG Insights (Toronto, ON)
  – Slides, original research for NCA’s NCDT report
Thank You
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