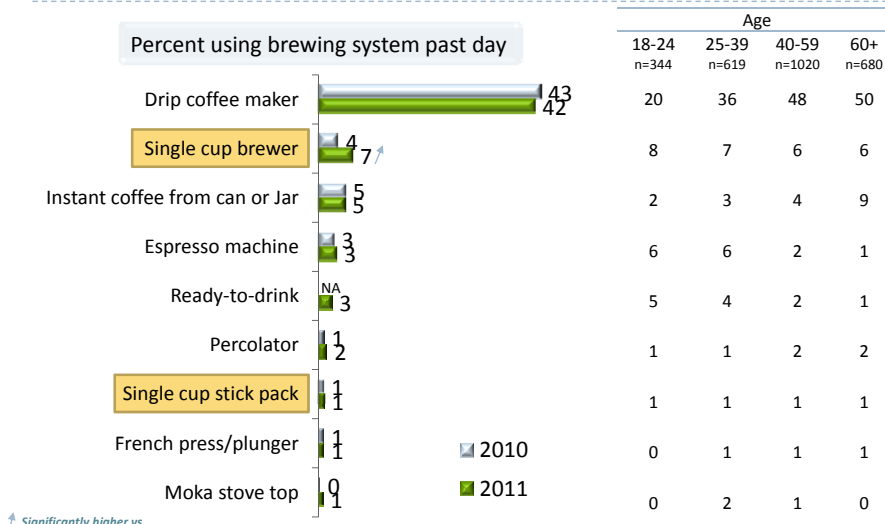


## International Coffee Organization

Monday 26 - Friday 30 September 2011

### Brewing Systems – Past Day Penetration



Base: Total sample (n=2,740 2010, n=2,663 2011)  
 Thinking of the [COFFEE/COFFEE BEVERAGE] you had yesterday [TIME OF DAY], how was the [COFFEE/COFFEE BEVERAGE] prepared?



## Brewing Systems – Past Day Penetration

Overall, the drip coffee maker dominates American coffee preparation, with 42% past day penetration.

However, the single-cup brewing systems are now the second most frequently cited brewing method, with 7% past day penetration. This number is significantly higher vs. 2010, which indicates that single-cup brewing systems are actively growing.

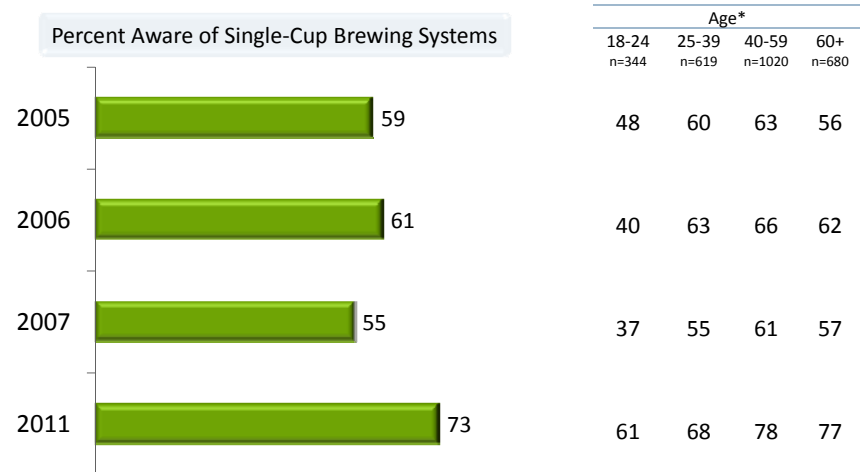
Instant single-cup remains fairly niche, with 1% past day penetration.

Neither of the single-cup preparation methods skews strongly in relation to age.

Drip coffee and instant coffee skew older, while espresso-machine-prepared coffee and ready-to-drink coffee skew younger.



## Single-Cup Brewing Systems – Awareness



Base: Total Sample age 18 and over (n=2,950 2005, n=2,954 2006, n=2,951 2007, n=2,663 2011)  
 Note age group sample sizes are based on 2011 data. Sample sizes in previous years are similar.  
 Several companies have recently introduced a new way of brewing coffee. With this brewer, you insert a single, pre-measured, sealed disk or capsule of coffee into a specially designed machine. The machine brews a single cup of coffee directly into your coffee cup in about a minute. Have you heard of this type of brewer before now?



## Single-Cup Brewing Systems – Awareness

Awareness of the brewed single-cup systems has increased significantly since 2005, moving from 59% in 2005 to 73% in 2011. Interestingly, this increase occurred between 2007 and 2011, not between 2005 and 2007. This indicates that awareness growth for the single-cup system is relatively recent.

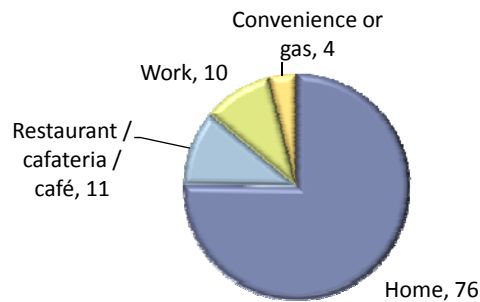
Between 2005 and 2011, awareness of single-cup systems has increased in all consumer age groups.

Consumers aged 40+ are more likely to be aware of the systems than their younger counterparts.



## Single-Cup Brewing Systems – Where Used

Share of Cups Prepared Yesterday with a Single Cup Brewer – By Place of Preparation



Base: Cups prepared in a single-cup brewer yesterday – n=260 cups.  
Thinking of the [COFFEE/COFFEE BEVERAGE] you had yesterday [TIME OF DAY], how was the [COFFEE/COFFEE BEVERAGE] prepared?  
Where was the [COFFEE/COFFEE BEVERAGE] prepared you had yesterday [TIME OF DAY]?



## Single-Cup Brewing Systems – Where Used

The majority of single-cup-prepared coffee (76% of cups) is prepared in home.

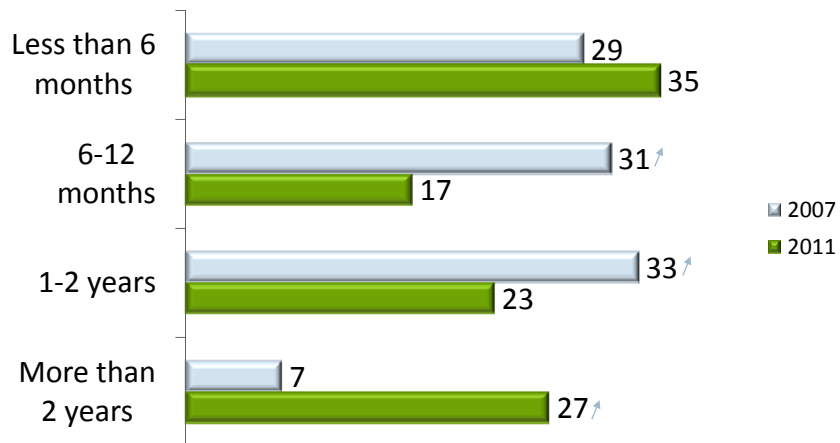
Of the remaining cups, there is a roughly equal division between preparation in a restaurant, cafeteria or café (11%) and preparation at work (10%).

The final 4% share of single-cup-prepared coffee is prepared in convenience or gas.



## Single-Cup Brewing Systems – Time Owned

Percent Owning a Single-Cup System for Each Length of Time



Base: Have single-cup brewing system at home (n=75 2007, n=173 2011)  
How long have you **owned** this type of brewer?



## Single-Cup Brewing Systems – Time Owned

It is unsurprising that the percentage of consumers who have owned a single-cup brewing system for more than two years has increased vs. 2007.

It is interesting to note the large number of consumers who have acquired a single-cup system in the past six months (35% in 2011 vs. 29% in 2007). This indicates that the rate of new consumers entering the category has not slowed.



## Single-Cup Brewing Systems – Where Acquired

Percent Buying a Single-Cup System in each Channel



Base: Personally bought single-cup brewer n=90  
In what store did you buy the single-cup brewer?



## Single-Cup Brewing Systems – Where Acquired

There are four primary purchase channels for single-cup brewers: department stores, specialty stores, mass merchandisers and online.

The fact that there is not one dominant channel indicates that a multi-channel strategy will be necessary for brands that want broad penetration.

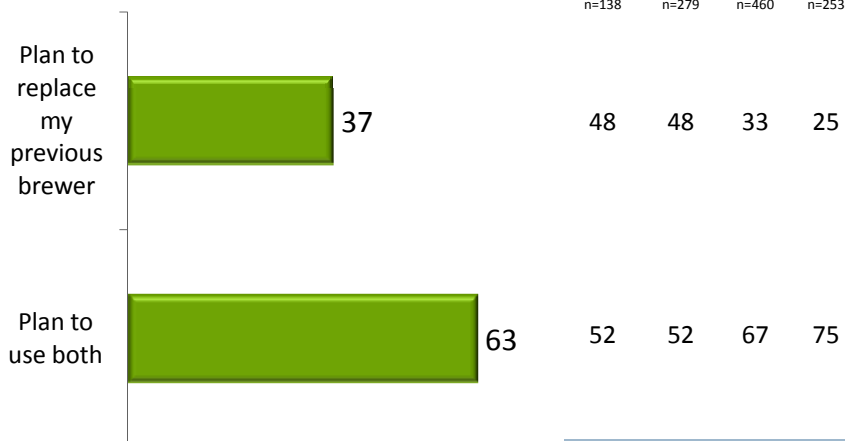


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## Future System Purchases – Replacement Intent

Percent Planning to Replace Current Brewer / Use Both



Base: Base: Aware but have not purchased single-cup brewer, not rejecter (n=1,130)

If you buy a single-cup brewer, do you intend to replace your previous coffee brewer with this new machine, or do you intend to use both?



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nca

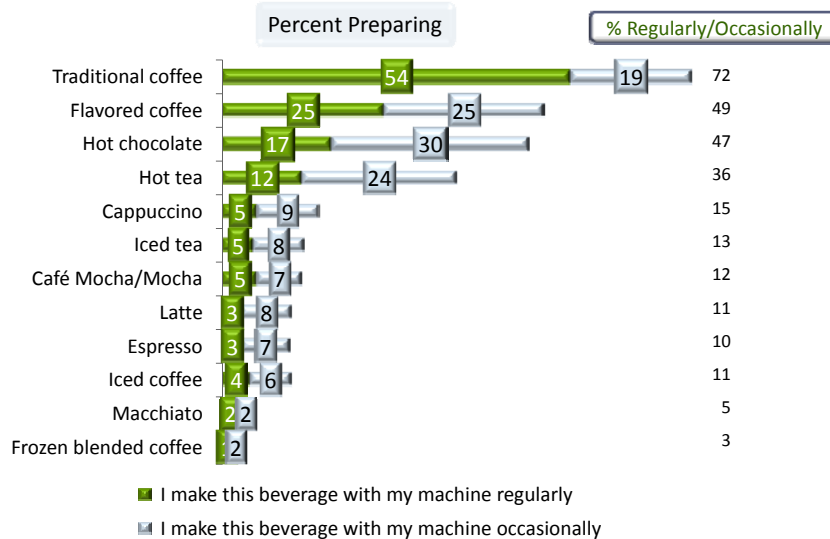
## Future System Purchases – Replacement Intent

Only about one third (37%) of future purchasers intend to replace their current brewer with a single-cup system. This may indicate that potential purchasers are not convinced that a single-cup system can fulfill all of their at-home coffee needs.

Younger consumers are more likely to intend to replace their current brewer with a single-cup system.



## Single-Cup Brewing Systems – Beverages Made



Base: Have single-cup brewing system at home (n=173 2011)  
 Please indicate your experience with making each of the following beverages using this single-cup brewer.



## Single-Cup Brewing Systems – Beverages Made

The most popular beverage to prepare with a single-cup system is traditional coffee (72% prepare this beverage regularly or occasionally with their single-cup system).

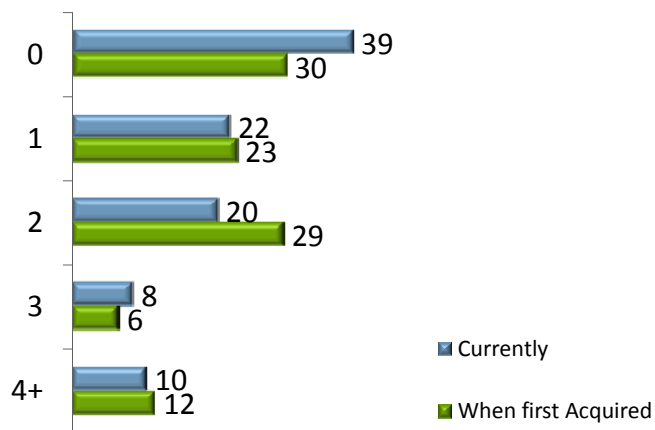
This is followed, in descending order of popularity, by flavored coffee, hot chocolate and hot tea.

Specialty coffees (cappuccino, café mocha, café latte, etc.) are prepared by 10% to 15% of single-cup system owners.



## Average Cups Per Day Currently vs. When First Acquired

Percent Drinking Each Number of Cups Per Day



Base: Have single-cup brewing system at home (n=173 2011)

On average, how many cups of coffee made with this single-cup brewer do you personally drink per day?

Thinking back to when you first started using this single-cup brewer, how many cups of coffee made with this machine did you personally drink per day?





## Average Cups Per Day Currently vs. When First Acquired

When consumers first acquire their single-cup system, 29% make two cups per day on average, while 30% do not prepare coffee with it in an average day.

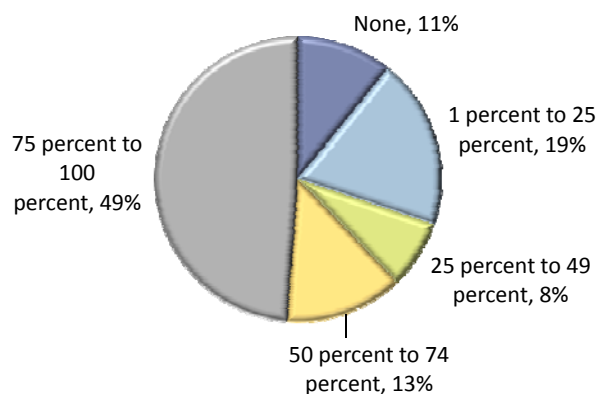
After owning the system for some time, the percentage preparing two cups per day declines from 29% to 20% and the percentage not preparing coffee in an average day increases from 30% to 39%.

This may indicate issues with device performance, with the coffee products or simply a natural decline in use following an initial phase of more intense interest.



## Single-Cup Brewing Systems – Share of Coffee

Percent of the Consumer's Total Coffee Made with Single-Cup System



Base: Have single-cup brewing system at home (n=173 2011)  
Thinking about all coffee that you drink both at home and away from home, what **percent** of your total coffee is made with this single-cup brewer?



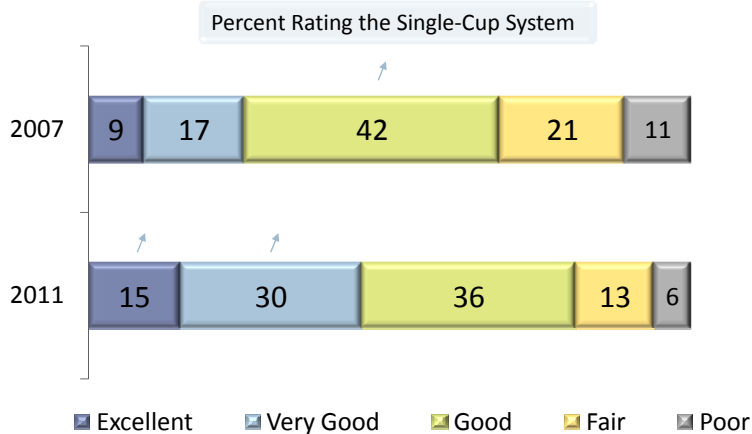
## Single-Cup Brewing Systems – Share of Coffee

Approximately half (49%) of consumers who own a single-cup system are using it to prepare 75% or more of their coffee.

In contrast, approximately one-in-three (30%) use it to prepare 25% or less of their coffee. Strengthening usage among this consumer group offers volume potential for manufacturers of the coffee capsules.



## Single-Cup Brewing Systems – Perception



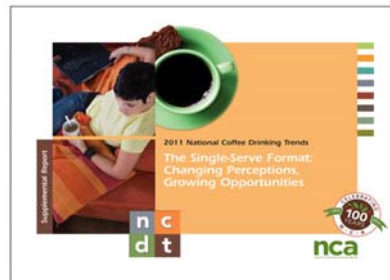
Base: Aware of single-cup brewers (n=1,630 2007, n=1,951 2011)  
 What is your overall opinion of single-cup brewers? Do you think that they are...

↑ Significantly higher vs. comparison group



## Single-Cup Brewing Systems – Perception

Perceptions of the single-cup systems as “excellent” or “very good” are improving. This should, in time, lead to an increase in the number of consumers who are committed to buying them.



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