

RECENT IN RETAIL

THE COMPLEXITY OF COFFEE

From production to consumption to international trade, the effects of COVID19 on the global coffee sector will be profound. Even though consumers are hooked on this classic pick-me-up, changes in how and where we drink are leading to bigger complexities.

With limited out-of-home activity, the decreased demand for coffee has affected the industry



Increased risk
to sustainability
of coffee farming



Rise in at-home
brewing &
consumption



Growing threat
to independent
coffee shops

With offices, hospitality businesses and coffee shops closed — the demand for coffee has dropped dramatically. This has also led to more consumers simply brewing at home, including Millennials who have been the major driver for coffee shop growth.

Not only has this affected consumer behavior... it's affected production. Due to social distancing and workplace safety concerns, coffee farms and production facilities are more at risk — which could lead to a surplus of product with nowhere to go.

Less stay-home restrictions lead to less retail purchases



+2.7%

SALES IN STATES WITH
HEAVY RESTRICTIONS



-0.8%

SALES IN STATES WITH
MINOR RESTRICTIONS

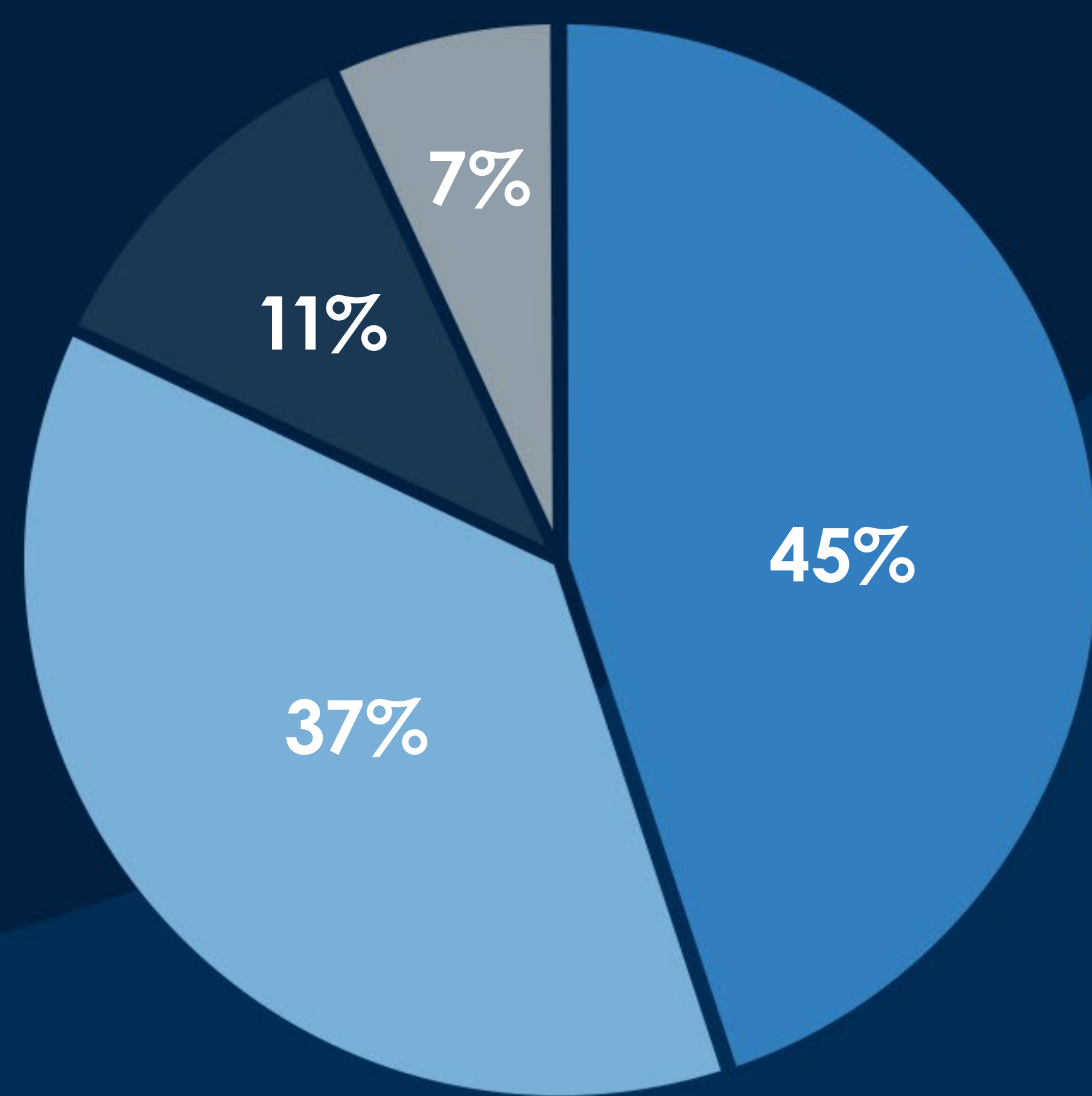
L4WEEKS VS PRIOR PERIOD

Although more consumers have been brewing at home, now that states are beginning to lift restrictions, we're seeing a decline in retail coffee purchases (compared to recent months). This is likely due to more coffee shops and out-of-home locations being open. Which means consumers are going back to their old habits.

WEEKLY INSIGHTS

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What's brewing at home?



USA SALES OF COFFEE CONSUMED AT HOME BY SEGMENTS

Coffee pods & capsule Roast & ground coffee Instant coffee Coffee beans

It's no surprise that Americans love coffee. In fact, Americans consume over 140 billion cups a year — making the US the world's leading consumer of coffee. Since 2013, coffee consumption has steadily increased with an 1.8% CAGR.

When it comes to brewing at home, we learned that 45% of people use a geyser coffee machine, and 13% use an espresso machine. The high price of espresso machines is likely the main determinant of the low statistic for this option.

How can brands work coffee into the new WFH model?

1

STRENGTHEN YOUR RETAIL PERSPECTIVE AS A WHOLESALE BRAND

The average office worker drinks 3.1 cups per day. How can you help bring that same office pick-me-up experience home?

2

CONSIDER NEW QUALITY INNOVATIONS & CURATED SERVICES

Is there an opportunity to partner with regional chains to make unique blends available at grocery or introduce a subscription service.

3

HELP AT-HOME BREWERS BECOME BETTER BARISTAS

A recession could continue the trend of more at-home brewing. How can brands elevate this experience? Think more quality roasts, latte art, tips to brew.

4

LEAN INTO COST SAVING MODELS

Many consumers spend up to \$2000/year at coffee shops. How can CPG coffee manufacturers lean into the savings of brewing at home to retain shoppers?

As many large companies lead the way in extending work-from-home policies through Q4 2020, Q1 2021 and beyond, it's important to think of the ways this new model will affect brands and consumers.

How can your brand keep coffee drinkers brewing at and buying for home? We can help.

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