



COFFEE OVERVIEW

COFFEE

MARKET DRIVERS

- Commodity costs for raw coffee beans have continued to fall after spiking in spring 2011.
- Coffee supplies are slated to continue to be at a surplus in the coming years, which could spur future rounds of price discounts.
- Price cuts combined with rising consumer confidence could inspire consumers to be **more adventurous with their retail coffee purchases.**
- Premium coffee as well as convenience brands could potentially benefit from this rising economic comfort.
- Hispanic populations are forecast to grow the fastest through 2018.
 - Welcome news for coffee manufacturers as Latinos already over index in coffee consumption compared to white and black consumers.

COFFEE MARKET DRIVERS



- The U.S. population aged 55+ is slated to grow to nearly 30% of the total population by 2018.
- Older consumers are not as interested in coffee innovations like single-cup, RTD, and cold-brew coffee as their younger counterparts.
 - Manufacturers must find ways to help these products appeal to older coffee drinkers.
- Millennial consumers are spurring the growth in the single-cup coffee segment: they consume, on average, 1.03 cups of coffee from such a machine daily, compared with a half-cup-a-day average among Baby Boomers and the Swing Generation.
- By 2020, Millennials will account for 30% of retail sales in the US and currently account for 80 million consumers, or 25% of the US population.
- Hispanic consumers are more likely to consume any form of coffee, and they are more apt to put their faith in a major national brand of coffee when making the purchase decisions.