

Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

image

"Multipacks which contain different flavours of tea and coffee could help brands to appeal to varying palates in multi-person households and drive further sales growth."

– Andrew Zmijak , Consumer Behaviour Research Analyst

# This report looks at the following areas:

- Increasing popularity of coffee pods could bring down prices
- · Appealing to older palates with hot beverages
- Specialized teas can increase consumption in and out of the home
- Highlighting the qualities of ethical tea and origins

Coffee is also the most innovative of the markets, with notable growth coming from single-serve coffee machines which are tapping into consumer demand for premium products while at home. This report analyses consumer trends in the tea, coffee and hot chocolate category and explores areas of the market where further growth may still be possible.

# BUY THIS REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533

> Brazil 0800 095 9094

Americas +1 (312) 943 5250

APAC +61 (0) 2 8284 8100

EMAIL: reports@mintel.com

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market



Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

#### Table of Contents

#### Introduction

Definition

Excluded

Abbreviations

## **Executive Summary**

#### The market

Figure 1: Forecast of Canada retail sales of tea and coffee, by value 2009-19

Figure 2: Forecast of Canada retail sales of tea and coffee, by volume, 2009-19

#### Market factors

Canada's population is expected to age in the coming years

Growing global demand and unseasonal weather drive up coffee prices

Tea prices have decreased over the past two years

The consumer

#### 82% of Canadian adults drink coffee, while 79% drink tea

Figure 3: Usage of types of coffee, June 2014

Figure 4: Usage of types of tea, June 2014

# 52% of Canadians drink coffee at least once a day

#### Flavour is the leading choice factor

Figure 5: Choice factors when purchasing tea, coffee and hot chocolate, June 2014

#### Tea relies on in-home consumption

Figure 6: Locations for drinking tea, coffee and hot chocolate, June 2014

## Almost half of coffee drinkers currently use single-serve machines

# Half of coffee drinkers are prepared to take their time for an improved taste

Figure 7: Attitudes towards coffee, June 2014

# 43% of tea drinkers enjoy experimenting with different flavours of tea

Figure 8: Attitudes towards tea, June 2014

What we think

# Insights and Issues

Increasing popularity of coffee pods could bring down prices

The facts

The implications

Appealing to older palates with hot beverages

The facts

The implications

Specialized teas can increase consumption in and out of the home

The facts

BUY THIS REPORT NOW VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094



Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

The implications

Highlighting the qualities of ethical tea and origins

The facts

The implications

Trend Application

Trend: Sense of the Intense
Trend: Help Me Help Myself

Trend: Prove it

Market Drivers

Key points

Canada's population is expected to age in the coming years

Figure 9: Projected trends in the age structure of the Canada population, 2014-19

Figure 10: Estimated share of population in Canada, by ethnicity

Growing global demand and unseasonal weather drive up coffee prices

Figure 11: Composite indicator Prices – US cents per pound of coffee, 2012–2014 (August)

Canada's open market for coffee and the popularity of coffee shops

Tea prices have decreased over the past two years

Figure 12: Monthly tea prices: US cents per kg, 2012- August 2014

Consumer confidence and disposable income remain resolute

Figure 13: Consumer Confidence Index, monthly, January 2008-May 2014

Figure 14: Household disposable incomes and savings in Canada, 2008-14

Strengths and Weaknesses

Strengths

Weaknesses

Who's Innovating?

Key points

Pre-filled coffee formats continue to thrive, driven by new pod launches

Figure 15: New product launches in the Canadian coffee market, by format, 2011-14

Private label coffee launches have increased

Figure 16: New product launches in the Canadian coffee market, private label vs branded, 2011-14

Starbucks jumps to the top of the list of innovators

Figure 17: Share of new product launches within the Canada coffee market, by company, 2011-14\*

Coffee pods emerging as a key driver for NPD activity

Other selected pod/capsule innovations

Relatively little NPD activity in the tea market

Figure 18: New product launches in the Canadian tea market, by format, 2011-14

Figure 19: New product launches in the Canadian tea market, private label vs branded, 2011-14

Traditional Medicinals significantly ramps up NPD in 2014

BUY THIS REPORT NOW VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094



Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 20: Share of new product launches within the Canada tea market, by company, 2011-14\*

#### Market Size and Forecast

#### Key points

#### Canada's tea and coffee market remains in good health

Figure 21: Canada retail value and volume sales of tea and coffee, 2009-19

Figure 22: Forecast of Canada retail sales of tea and coffee, by volume, 2009-19

## Values expected to continue a steady rise

Figure 23: Forecast of Canada retail sales of tea and coffee, by value 2009-19

#### Forecast methodology

#### Market Segmentation and Share

#### Key points

## Coffee continues on a strong and stable growth path

Figure 24: Canada value and volume retail sales of coffee, at current and constant prices, 2009-19

Figure 25: Forecast of Canada retail sales of coffee, by volume 2009-19

Figure 26: Forecast of Canada retail sales of coffee, by value 2009-19

#### Kraft leads the way in fresh coffee

Figure 27: Retail market share for coffee in Canada, by volume 2010-13

Figure 28: Retail market share for coffee in Canada, by value, 2010-13

### Tea growth is slow but steady

Figure 29: Canada value and volume retail sales of tea, at current and constant prices, 2009-19

Figure 30: Forecast of Canada retail sales of tea, by volume 2009-19

Figure 31: Forecast of Canada retail sales of tea, by value 2009-19

# Tata leads the way but 'other' brands are boosting their share

Figure 32: Retail market share for tea in Canada, by volume, 2010-13

Figure 33: Retail market share for tea in Canada, by value, 2010-13

#### Companies and Products

#### Kraft Canada Inc.

Overview and company information

Recent activity and innovation

Keurig Canada/Green Mountain Canada

Overview and company information

Recent activity and innovation

Folgers

Overview and company information

Recent activity and innovation

Nestlé

Overview and company information

Recent activity and innovation



VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100



Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Tata Global Beverages

Overview and company information

Recent activity and innovation

Unilever

Overview and company information

Recent activity and innovation

**Twinings** 

Overview and company information

Recent activity and innovation

#### Brand Research and Social media - Coffee

#### Key findings

Market overview

#### Key social media metrics

Figure 34: Key social media metrics, August 2014

## Brand usage and awareness

Figure 35: Brand usage and awareness for selected coffee brands, August 2014

#### Interactions with coffee brands

Figure 36: Interactions with selected coffee brands, August 2014

#### Leading online campaigns

What we think

#### Online conversations

Figure 37: Online conversations for selected coffee brands, by day, August 27, 2013-August 27, 2014

#### Where are people talking about coffee brands?

Figure 38: Online conversations for selected coffee brands, by page type, August 27, 2013-August 27, 2014

#### What are people talking about?

# The Consumer – Usage of Tea, Coffee and Hot Chocolate

# Key points

#### 82% of Canadian adults drink coffee...

Figure 39: Usage of types of coffee, June 2014

#### ... while 79% drink tea...

Figure 40: Usage of types of tea, June 2014

## ...and half drink hot chocolate

# 57% of Canadians drink five or more types of hot beverages

Figure 41: Repertoire of types of hot beverages consumed, June 2014

# The Consumer – Frequency of Drinking Tea, Coffee and Hot Chocolate

## Key points

# 52% of Canadians drink coffee at least once a day

Figure 42: Frequency of consumption of types of coffee, June 2014

BUY THIS REPORT NOW VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094



Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 43: Number of coffee cups drunk per day, June 2014

#### 30% drink tea at least once a day

Figure 44: Frequency of consumption of types of tea, June 2014

Figure 45: Number of tea cups drunk per day, June 2014

## Only 5% drink hot chocolate daily

Figure 46: Frequency of consumption of hot chocolate, June 2014

The Consumer - Choice Factors

#### Key points

#### Flavour is the leading choice factor

Figure 47: Choice factors when purchasing tea, coffee and hot chocolate, June 2014

#### Ease of preparation and a well-known brand resonate with over a third

Other factors only have niche importance

The Consumer – Locations for Consumption

#### Key points

#### Summary of locations for drinking tea, coffee and hot chocolate

Figure 48: Locations for drinking tea, coffee and hot chocolate, June 2014

# Tea relies on in-home consumption

Coffee is enjoyed in various locations

Hot chocolate follows a similar usage trend as tea

The Consumer - Ownership of and Attitudes towards Single-Serve Machines

#### Key points

# Almost half of coffee drinkers currently use single-serve machines...

Figure 49: Ownership of single-serve coffee makers, June 2014

... while a further 21% are interested in them

#### **CHAID Methodology**

# Young parents drive ownership of single-serve coffee machines

Figure 50: Ownership of single-serve coffee machines - CHAID tree output, June 2014

# Green tea drinkers are willing to pay more for ethical teas

Figure 51: Green tea consumers - CHAID tree output, June 2014

# Price is the main barrier for those who are disinterested in single-serve machines

Figure 52: Reasons for not being interested in buying single-serve coffee makers, June 2014

# The Consumer – Attitudes towards Coffee

# Key points

## Summary of attitudes towards coffee

Figure 53: Attitudes towards coffee, June 2014

#### Half of coffee drinkers are prepared to take their time

Figure 54: Attitudes towards the taste and quality of coffee, June 2014

The importance of the 'caffeine hit'

# BUY THIS REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094



Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 55: Attitudes towards the caffeine content of coffee, June 2014

#### A third of coffee drinkers are interested in trying new types of coffee

Figure 56: Attitudes towards innovation and ranges of coffee, June 2014

#### The Consumer - Attitudes towards Tea

# Key points

#### Summary of attitudes towards tea

Figure 57: Attitudes towards tea, June 2014

#### 43% of tea drinkers enjoy experimenting with different flavours of tea

Figure 58: Attitudes towards the flavour of tea, June 2014

#### Two in five tea drinkers think that tea is healthier than coffee

Figure 59: Attitudes towards the health qualities of tea, June 2014

#### A third of tea drinkers think that specialty teas are worth paying more for

Figure 60: Attitudes towards the quality/price of tea, June 2014

#### Only 13% find using tea bags too time-intensive

Figure 61: Attitudes towards the convenience of making tea using tea bags, June 2014

#### The Consumer – Hot Beverages and Chinese Canadians

# Key points

## Chinese Canadians are highly engaged with hot beverages

Figure 62: Types of tea consumed: overall vs Chinese Canadians, June 2014

Figure 63: Types of coffee consumed: overall vs Chinese Canadians, June 2014

Figure 64: Number of types of coffee consumed: overall vs Chinese Canadians, June 2014

#### Chinese Canadians score around the average for choice factors but show greater variance for locations for consumption

# Flavour can be an effective way of reaching Chinese Canadians

Figure 65: Attitudes towards coffee: overall vs Chinese Canadians, June 2014

Figure 66: Attitudes towards tea: overall vs Chinese Canadians, June 2014

#### The Consumer - Target Groups

# Key points

## Four target groups

Figure 67: Target groups, June 2014

Flavour Fans (23%)

Connoisseurs (28%)

Disengaged (30%)

Pod Lovers (19%)

# Appendix - Market Size and Forecast

Figure 68: Best- and worst-case forecasts for the Canada tea and coffee retail market, by value, 2014-19

Figure 69: Best- and worst-case forecasts for the Canada tea and coffee retail market, by volume, 2014-19

#### Appendix - Market Segmentation and Share

Figure 70: Best- and worst-case forecasts for the Canada tea retail market, by value, 2014-19

BUY THIS REPORT NOW VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094



Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 71: Best- and worst-case forecasts for the Canada tea retail market, by volume, 2014-19

Figure 72: Best- and worst-case forecasts for the Canada coffee retail market, by value, 2014-19

Figure 73: Best- and worst-case forecasts for the Canada coffee retail market, by volume, 2014-19

#### Appendix - Brand Research and Social media

#### Brand usage or awareness

Figure 74: Brand usage or awareness, June 2014

Figure 75: Maxwell House usage or awareness, by demographics, June 2014

Figure 76: Nabob usage or awareness, by demographics, June 2014

Figure 77: Nescafé usage or awareness, by demographics, June 2014

Figure 78: Folgers usage or awareness, by demographics, June 2014

Figure 79: Dolce Gusto usage or awareness, by demographics, June 2014

Figure 80: Lavazza usage or awareness, by demographics, June 2014

#### Activities done

Figure 81: Activities done, June 2014

#### Key social media metrics

Figure 82: Brand Name key social media metrics – Folgers, September 2014

Figure 83: Brand Name key social media metrics - Maxwell House, September 2014

Figure 84: Brand Name key social media metrics - Nescafé, September 2014

Figure 85: Brand Name key social media metrics - Nabob, September 2014

Figure 86: Brand Name key social media metrics – Dolce Gusto, September 2014

Figure 87: Brand Name key social media metrics - Lavazza, September 2014

# Appendix - The Consumer - Usage and Frequency of Drinking Tea, Coffee and Hot Chocolate

Figure 88: Usage of tea, coffee and hot chocolate, June 2014

Figure 89: Any usage of tea (net), by demographics, June 2014

Figure 90: Usage of standard tea, by demographics, June 2014

Figure 91: Usage of specialty tea, by demographics, June 2014

Figure 92: Usage of green tea, by demographics, June 2014

Figure 93: Usage of fruit/herbal tea, by demographics, June 2014

Figure 94: Usage of powdered tea mix, by demographics, June 2014

Figure 95: Usage of tea pods/capsules, by demographics, June 2014

Figure 96: Usage of ready to drink iced tea, by demographics, June 2014

Figure 97: Usage of any coffee (net), by demographics, June 2014

Figure 98: Usage of instant coffee, by demographics, June 2014

Figure 99: Usage of regular coffee, by demographics, June 2014

Figure 100: Usage of specialty hot coffee (eg latte, cappuccino), by demographics, June 2014

Figure 101: Usage of iced coffee, by demographics, June 2014

Figure 102: Usage of specialty cold coffee, by demographics, June 2014

Figure 103: Usage of coffee pods/capsules, by demographics, June 2014

Figure 104: Usage of chilled ready-to-drink coffee, by demographics, June 2014



VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094



Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 105: Usage of hot chocolate, by demographics, June 2014

Figure 106: Repertoire of usage of tea, coffee and hot chocolate, by demographics, June 2014

Figure 107: Average number of cups drunk of tea, coffee and hot chocolate, June 2014

Figure 108: Number of cups drunk of tea, coffee and hot chocolate, by demographics, June 2014

#### Appendix – The Consumer – Choice Factors

Figure 109: Choice factors when buying tea, coffee and hot chocolate, June 2014

Figure 110: Most popular choice factors when buying tea, coffee and hot chocolate, by demographics, June 2014

Figure 111: Other choice factors when buying tea, coffee and hot chocolate, by demographics, June 2014

#### Appendix – The Consumer – Locations for Consumption

Figure 112: Locations for drinking tea, coffee and hot chocolate in the past month, June 2014

Figure 113: Most popular locations for drinking tea, by demographics, June 2014

Figure 114: Other locations for drinking tea, by demographics, June 2014

Figure 115: Most popular locations for drinking coffee, by demographics, June 2014

Figure 116: Other locations for drinking coffee, by demographics, June 2014

Figure 117: Most popular locations for drinking hot chocolate, by demographics, June 2014

Figure 118: Other locations for drinking hot chocolate, by demographics, June 2014

#### Appendix - Consumer - Ownership of and Attitudes towards Single-Serve Machines

Figure 119: Ownership of single-serve coffee makers, June 2014

Figure 120: Ownership of single-serve coffee makers, by demographics, June 2014

Figure 121: Coffee drinkers - CHAID table output, June 2014

Figure 122: Tea Drinks - CHAID table output, June 2014

Figure 123: Reasons for not being interested in a single-serve coffee maker, June 2014

Figure 124: Main reasons for not being interested in a single-serve coffee maker, by demographics, June 2014

Figure 125: Other reasons for not being interested in a single-serve coffee maker, by demographics, June 2014

#### Appendix - The Consumer - Attitudes towards Coffee

Figure 126: Attitudes towards coffee, June 2014

Figure 127: Agreement with the statements 'I am happy to take more time preparing coffee if I know that it will taste better' and 'I think that many flavoured coffees taste too sweet', by demographics, June 2014
Figure 128: Agreement with the statements 'I rely on the caffeine hit of coffee to get me through the day' and 'I would pay more for ground/whole bean coffee in packaging that guarantees freshness', by demographics, June 2014
Figure 129: Agreement with the statements 'I am interested in seasonal/limited time products (eg iced coffees in summer, festive drinks)' and 'I am interested in recreating coffee shop style drinks at home', by demographics, June 2014
Figure 130: Agreement with the statements 'I would be interested in trying flavoured instant coffee' and 'Coffee pod/capsule machines are worth the cest for the botter quality', by demographics, June 2014

are worth the cost for the better quality', by demographics, June 2014 Figure 131: Agreement with the statements 'Information about product origins reassures me of high quality' and 'I sometimes find it

hard to choose coffee due to the wide range of choice', by demographics, June 2014
Figure 132: Agreement with the statements 'I prefer the taste of flavoured coffees to standard coffee' and 'I prefer decaffeinated coffee to standard coffee', by demographics, June 2014

# Appendix - The Consumer - Attitudes towards Tea

Figure 133: Attitudes towards tea, June 2014

Figure 134: Agreement with the statements 'Iced teas are suitable for drinking all year round' and 'I enjoy experimenting with different

tea flavours', by demographics, June 2014
Figure 135: Agreement with the statements 'Herbal teas are healthier than standard teas' and 'Tea is better for you than coffee', by demographics, June 2014

regions, June 2014
Figure 136: Agreement with the statements 'I am interested in trying tea that offers added health benefits (eg added vitamin C)' and 'Ready-to-drink teas (eq iced tea) are a healthier alternative to soft drinks', by demographics, June 2014
Figure 137: Agreement with the statements 'Loose leaf tea is better quality than tea bags' and 'It is worth paying more for specialty teas (eq oolong)', by demographics, June 2014

**BUY THIS** 

REPORT NOW



Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 138: Agreement with the statements 'I am willing to pay more for tea bags made from better quality material' and 'Ethical teas are worth paying more for', by demographics, June 2014
Figure 139: Agreement with the statements 'I wish there were more flavours of ready-to-drink iced tea available' and 'It takes too much time to make tea using tea bags', by demographics, June 2014

Appendix - The Consumer - Hot Beverages and Chinese Canadians

Figure 140: Selected demographics by total population against Chinese Canadians, June 2014

Appendix – The Consumer – Target Groups

Figure 141: Target groups, June 2014

Figure 142: Target groups, by demographics, June 2014

Figure 143: Hot beverage usage, by target groups, June 2014

Figure 144: Choice factors when purchasing tea, coffee and hot chocolate, by target groups, June 2014

Figure 145: Locations for drinking coffee in the past month, by target groups, June 2014

Figure 146: Ownership of single-serve coffee makers, by Target Groups, June 2014

Figure 147: Reasons for not being interested in owning a single-serve coffee maker, by target groups, June 2014

Figure 148: Attitudes towards coffee, by target groups, June 2014