

## Coffee and Tea on Premise - US - July 2019

Report Price: £3254.83 | \$4395.00 | €3662.99

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



"Major coffee shop chains and third wave coffee shops have expanded consumer awareness and demand for premium roasts and specialty beverages, which are now especially popular with younger consumers. However, they face stiff competition from fast food restaurants, donut shops, c-stores and other casual restaurants that have expanded their offerings."

**- Amanda Topper, Associate Director - Foodservice**

This report looks at the following areas:

- **Competitive, crowded landscape compounded by RTDs**
- **Specialty drinks, premium coffee have a pricey reputation**

In this competitive landscape, growth lies with effective outreach to key, highly engaged consumer groups and with ongoing innovation in flavor, format and functionality as well as in loyalty programs, delivery services and kiosks.

**BUY THIS  
REPORT NOW**

**VISIT:**  
[store.mintel.com](https://store.mintel.com)

**CALL:**  
EMEA  
+44 (0) 20 7606 4533

Brazil  
0800 095 9094

Americas  
+1 (312) 943 5250

China  
+86 (21) 6032 7300

APAC  
+61 (0) 2 8284 8100

**EMAIL:**  
[reports@mintel.com](mailto: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

# Coffee and Tea on Premise - US - July 2019

Report Price: £3254.83 | \$4395.00 | €3662.99

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

## Table of Contents

### Overview

What you need to know  
Definition  
Coffee wave definitions

### Executive Summary

Key takeaways  
The issues  
Competitive, crowded landscape compounded by RTDs  
Figure 1: Change in incidence of coffee drinks on menus, by segment, Q1 2016-Q1 2019  
Specialty drinks, premium coffee have a pricey reputation  
Figure 2: Foodservice segment perceptions, too expensive, May 2019  
The opportunities  
Younger adults, Asian, Hispanic consumers and parents are key  
Figure 3: AFH coffee and tea purchases in past three months, by select demographics, May 2019  
Innovation can differentiate and add value  
Figure 4: Important factors for AFH coffee purchase location, May 2019  
Consumer interests suggest they want more, for less  
Figure 5: AFH coffee innovation interest, by generation, May 2019  
What you need to know

### The Market – What You Need to Know

Other drinks – including RTD coffee/tea – compete with AFH offerings  
Strong economy, engagement of Gen Zers and Millennials underpin growth  
Opportunities for more functional, BFY products

### Market Perspective

A range of other beverages compete with AFH tea and coffee  
RTD coffee and tea offer opportunities and challenges  
Beverage blurring brings RTDs with new flavors, added functionality  
Kombucha and natural energy drinks infuse tea with added benefits

### Market Factors

California nixes “cancer warning,” upping coffee’s healthy profile  
Strong economy has supported spending on AFH tea/coffee  
Figure 6: Consumer Sentiment Index, January 2007-June 2019  
Gen Z and Millennials are central to current and future growth  
Figure 7: US population, by generation, 2014-24  
Younger generations are increasingly diverse  
Figure 8: Population, by race and Hispanic origin, 2014-24

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](https://store.mintel.com)  
**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | China +86 (21) 6032 7300  
APAC +61 (0) 2 8284 8100 |  
**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Coffee and Tea on Premise - US - July 2019

Report Price: £3254.83 | \$4395.00 | €3662.99

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

Cannabis legalization and Farm Bill increase awareness of CBD-infused drinks

## Key Players – What You Need to Know

C-stores expand menu offerings, iced and specialty drinks boom

Major players appeal to younger generations with innovative products and targeted marketing

More functional enhanced coffees, fast delivery and kiosks may propel further growth

## What's Working?

C-stores expanding coffee menu offerings

Figure 9: Change in incidence of coffee drinks on menus, by segment, Q1 2016-Q1 2019

Lattes and specialty espresso-based drinks on the rise

Figure 10: Change in incidence of coffee drinks on menus, Q1 2016-Q1 2019

Cold-brew, blended and frozen coffees increase on menus

Figure 11: Change in incidence of coffee drinks on menus, by preparation, Q1 2016-Q1 2019

In iced coffees, c-stores show strongest increase

Figure 12: Change in incidence of iced coffee drinks on menus, by segment, Q1 2016-Q1 2019

In iced coffee, rapid expansion of specialty and espresso-based drinks

Figure 13: Change in incidence of iced coffee drinks on menus, Q1 2016-Q1 2019

AFH market dominated by Starbucks, Dunkin'

Starbucks growth strategies create positive yields in 2019

Specialty drinks targeting younger generations

Revamping of Starbucks Rewards

Expanding network of Reserve Stores to compete with third wave coffee shops

Dunkin' sees sales grow with strategic plan implementation

A focus on sustainability and more eco-friendly approaches

## What's Struggling?

Third wave coffee shops face growing competition, acquisition

Traditional teas struggle, opportunity for growth via menu innovation

Figure 14: Change in incidence of tea drinks on menus, by segment, Q1 2016-Q1 2019

Traditional brewed teas in particular offer little innovation

Figure 15: Change in incidence of top 10 tea types on menus, Q1 2016-Q1 2019

## What's Next?

More plant-based milks, especially oat milk and, looking forward, sesame

More functional coffees with protein, probiotics, adaptogens or CBD

Drive-thrus, mobile apps and delivery offer ease, convenience

Figure 16: McDonald's and Uber Eats, May 2019

Self-serve kiosks at c-stores and high-tech mobile coffee stations

Mobile apps, loyalty clubs and subscription services

"Fourth wave" coffee shops tout high ethical values, sustainable sourcing, multicultural flavors

## MMI Analysis of Flavor Trends

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](https://store.mintel.com)

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

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

## Coffee and Tea on Premise - US - July 2019

Report Price: £3254.83 | \$4395.00 | €3662.99

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

Coffee, chocolate, caramel and nut coffee flavors growing fastest

Figure 17: Change in incidence of coffee drink flavors on menus, Q1 2016-Q1 2019

Sweet and tropical tea flavors are on the rise

Figure 18: Change in incidence of tea drinks on menus, by flavor, Q1 2016-Q1 2019

### The Consumer – What You Need to Know

Gen Z and Millennials as well as parents, Hispanic and Asian consumers are key to coffee market growth

Starbucks, Dunkin' and McDonald's are most-visited locations

Location, price and quality are top factors driving venue selection

Affordable drinks, program rewards and flavor variety are wanted

### Coffee and Tea Tracker

Strongest growth in AFH consumption of cold brew and specialty drinks

Figure 19: Coffee/tea drinks consumed AFH, April 2017-April 2019

Younger consumers drive demand for cold, iced and specialty coffees

Figure 20: Coffee/tea drinks consumed AFH, by generation, April 2019

### AFH Coffee and Tea Purchases

Regular coffee is most popular, but iced, blended and cold brew growing

Figure 21: AFH coffee and tea purchases in past three months, May 2019

Millennials, eager for variety, enjoy the widest repertoire of drinks

Figure 22: Repertoire of AFH coffee and tea purchases in past three months, by generation, May 2019

Gen Z active in the coffee market through flavored cold drinks

Figure 23: AFH coffee and tea purchases in past three months, by generation, May 2019

Figure 24: AFH coffee and tea purchases in past three months, by generation, May 2019

Parents overindex for range of coffee and tea drinks

Figure 25: AFH coffee and tea purchases in past three months, by parental status, May 2019

Asian and Hispanic consumers enjoy a range of specialty drinks

Figure 26: AFH coffee and tea purchases in past three months, by race/Hispanic origin, May 2019

### AFH Coffee and Tea Purchase Location

Starbucks, Dunkin' and McDonald's top locations for AFH coffee/tea

Figure 27: AFH coffee and tea purchase location in past three months, May 2019

Gen Z and Millennials visit a variety of locations for AFH coffee/tea

Figure 28: AFH coffee and tea purchase location in past three months, by generation, May 2019

Parents frequent a wide range and number of venues for AFH coffee/tea

Figure 29: AFH coffee and tea purchase location in past three months, by parental status, May 2019

Race/Hispanic origin shape venue preferences for AFH coffee/tea

Figure 30: AFH coffee and tea purchase location in past three months, by race/Hispanic origin, May 2019

### Foodservice Segment Perceptions

Coffee chains prized for quality, others for convenience and value

Figure 31: Correspondence Analysis – Symmetrical map – Foodservice segment perceptions, May 2019

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](https://store.mintel.com)

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

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Coffee and Tea on Premise - US - July 2019

Report Price: £3254.83 | \$4395.00 | €3662.99

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

Figure 32: Foodservice segment perceptions, May 2019

## Premium Coffee Purchase Frequency

Over half purchase premium coffee a few times a month or more

Figure 33: Premium coffee purchase frequency, May 2019

Millennials stand out as avid premium coffee drinkers

Figure 34: Premium coffee purchase frequency, by generation, May 2019

Hispanic consumers eager for premium coffee

Figure 35: Premium coffee purchase frequency, by Hispanic origin, May 2019

## Premium Coffee Associations

Superior taste is key association with premium coffee

Figure 36: Premium coffee associations, May 2019

Target Millennial and Gen X coffee lovers

Figure 37: Premium coffee associations, by generation, May 2019

Coffee chains widely associated with high-quality coffee

Figure 38: Foodservice segment perceptions, "high-quality coffee products," by location, May 2019

## AFH Coffee Attitudes

One third self-identify as coffee enthusiasts

Figure 39: AFH coffee attitudes, May 2019

Positive attitudes from Gen Z and Millennials bolsters their engagement

Figure 40: AFH coffee attitudes, by generation, May 2019

Four in 10 parents identify as coffee enthusiasts

Figure 41: AFH coffee attitudes, by parental status, May 2019

Positive attitudes reflect and support strong Hispanic engagement

Figure 42: AFH coffee attitudes, by Hispanic origin, May 2019

## Important Factors for AFH Coffee Purchase Location

Figure 43: Important factors for AFH coffee purchase location, May 2019

Convenient location, quality beverages and low price optimize venue appeal

Figure 44: TURF Analysis – AFH coffee venue selection, May 2019

Figure 45: Table – TURF Analysis – AFH coffee venue selection, May 2019

Gen Z wants quality cold drinks and values quality food, customization

Figure 46: Important factors for AFH coffee purchase location, by generation, May 2019

Parents weigh more factors – seeking variety, quality and good food

Figure 47: Important factors for AFH coffee purchase location, by parental status, May 2019

Hispanic consumers value price over location, value quality and good food

Figure 48: Important factors for AFH coffee purchase location, by Hispanic origin, May 2019

## AFH Coffee Innovation Interest

Affordable drinks, program rewards and flavor variety are desired

Figure 49: AFH coffee innovation interest, May 2019

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](https://store.mintel.com)

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

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

## Coffee and Tea on Premise - US - July 2019

Report Price: £3254.83 | \$4395.00 | €3662.99

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

Gen X and Millennials call for more variety and loyalty program rewards

Figure 50: AFH coffee innovation interest, by generation, May 2019

Figure 51: AFH coffee innovation interest, by generation, May 2019

Sustainability and subscriptions among innovations sought by Asian and Hispanic consumers

Figure 52: AFH coffee innovation interest, by race and Hispanic origin, May 2019

### Appendix – Data Sources and Abbreviations

Data sources

Consumer survey data

Mintel Menu Insights

Abbreviations and terms

Abbreviations

Terms

### Appendix – The Market

Figure 53: Percent of people aged 20 or older who are overweight or obese, 2001-02 to 2015-16

Figure 54: Population distribution, by age and race/Hispanic origin, 2019

### Appendix – The Consumer

Figure 55: AFH coffee/tea purchase, by generation, March 2018

TURF Methodology

Correspondence Analysis – Methodology

BUY THIS  
REPORT NOW

**VISIT:** [store.mintel.com](https://store.mintel.com)

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

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)