

# Foodservice Coffee and Tea - US - 2021

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## This report looks at the following areas:

- The impact of COVID-19 on consumer behavior and the foodservice coffee/tea market
- The opportunity for cold coffee beverages
- Coffee and tea opportunities among Gen Z consumers
- The impact of remote work on the foodservice coffee/tea market

The pandemic completely changed the nature of employment, resulting in a dramatic increase in remote work, which in turn will reduce morning traffic to foodservice coffee/tea establishments. 45% of remote workers anticipate purchasing coffee/tea away from home less often compared to their prepandemic routines. Furthermore, 26% of consumers upgraded their home coffee/tea options during the pandemic, thus diminishing their need to purchase drinks away from home.

Home beverage options pose a strong competitive threat to the foodservice market and chains that have traditionally relied on commuter traffic (eg c-stores) will need to rethink and revamp their coffee/tea programs. Consumers' desire for value may result in an increased reliance on home-sourced drinks. 41% of consumers who anticipate purchasing coffee/tea less often say they will visit foodservice coffee/tea establishments less often in order to save money.

Total foodservice coffee/tea traffic will be slow to return to prepandemic levels but the pandemic accelerated consumers' shift away from regular hot coffee and tea toward cold and specialty beverages. Consumers will increasingly source basic everyday drinks from home but treat themselves to premium foodservice-quality beverages, a trend that benefits the total market. 56% of all consumers and 67% of remote workers agree that foodservice quality drinks can't be replicated at home, indicating the need for chains to embrace bold beverage innovation to provide consumers unique, premium, flavorful drinks that can't be created at home.



"The foodservice coffee and tea market suffered acute losses during the pandemic as morning commute traffic dissipated. However, the pandemic accelerated consumers' shift away from basic coffee/tea beverages toward cold and specialty drinks, a trend that ultimately benefits the market."

**- Caleb Bryant, Associate Director of Food and Drink**

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Rather than compete on price, operators must instead focus on providing consumers premium beverage experiences. The importance of cold coffee drinks to the market will only increase as brands cater to Gen Z consumers, a generation that primarily orders cold coffee beverages. The development of cold flavorful beverages is critical for attracting Gen Z consumers.



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