

Report Price: £3195.84 | \$3990.00 | €3771.09

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



"The out-of-home coffee market is expected to continue robust growth although coffee houses may face increasing competition from non-specialist coffee places. As brands target more locations and go premium, they must bear in mind that experience is what matters the most."

- Summer Chen, Research Analyst

This report looks at the following areas:

- Experience matters
- Three steps to going premium
- Differentiate from non-specialist coffee places

In 2016, the sales value of China's coffee house market is estimated to rise by 12%, taking the market to RMB 63.6 billion. Mintel forecasts that the coffee house market will reach a total of RMB 104.5 billion by the end of 2021 under rising demand and supply of fresh roasted coffee which will drive future growth.

BUY THIS REPORT NOW

VISIT: 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

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: £3195.84 | \$3990.00 | €3771.09

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

Covered in this Report

Included

Exclusions

Definitions

Figure 1: Definition of low/mid/high MHI groups, by city tier

Figure 2: Definition of heavy/light/non-user categories, by usage of coffee houses

Executive Summary

The market

Rising demand and supply of fresh coffee drives up market

Figure 3: Best- and worst-case forecast for sales value of coffee house market, China, 2011-21

Chains continue to see robust growth

Key players

Brands seeking premiumisation and more visiting occasions

Figure 4: Leading chains in coffee house market, by market volume (number of outlets), China, 2014 and 2015

The consumer

Coffee house becoming ubiquitous in most Chinese consumers' lives

Figure 5: Frequency of visiting coffee houses, August 2016

In-store ambience as important as taste of coffee

Figure 6: Key points of attraction, August 2016

Desserts and snacks purchased most often

Figure 7: Products bought in coffee houses, August 2016

Western-style food also very much favoured

Customisation is what consumers desire most

Figure 8: Coffee features/services worth paying more for, August 2016

More education needed for premium brewing methods

What we think

Issues and Insights

Experience matters

The facts

The implications

Three steps to going premium

The facts

The implications

Differentiate from non-specialist coffee places

BUY THIS REPORT NOW VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300



Report Price: £3195.84 | \$3990.00 | €3771.09

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

The facts

The implications

The Market - What You Need to Know

Value growth estimated at 12% in 2016

Rising demand and supply of fresh roasted coffee drives future growth

Chains scaling up while independents are losing significance

Market Size and Forecast

History of the coffee waves

Double-digit growth since 2011

Growth momentum expected to continue

Figure 9: Best- and worst-case forecast for sales value of coffee house market, China, 2011-21

Figure 10: Best- and worst-case forecast for market volume of coffee house market, China, 2011-21

Market Drivers and Challenges

Shift to fresh roasted coffee from instant coffee

Trend of experiential consumption

Rising production of coffee beans domestically

Competition from non-specialist coffee venues

Market Segmentation

Chains scaling up

Figure 11: Market volume of coffee house market, by market segment, China, 2011-16

Independents losing significance

Key Players - What You Need to Know

American/European-style coffee houses growing rapidly while Korean brands facing problems

Brands introducing special ways of brewing, more food and interactive activities to attract consumers

Market Share

Three competing forces

Figure 12: Leading chains in coffee house market, by market volume (number of outlets), China, 2014 and 2015

Starbucks leads rapid expansion among fast-growing American/European-style coffee houses

Starbucks Corporation

Whitbread PLC (Costa Coffee)

China Resources (Pacific Coffee)

Korean coffee house brands facing operating problems

New players entering out-of-home coffee market

China National Cereals, Oils and Foodstuffs Corporation

CoCo Tea

Figure 13: CoCo Café, Shanghai

Competitive Strategies

BUY THIS REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300



Report Price: £3195.84 | \$3990.00 | €3771.09

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

Going premium with special ways of brewing

Creating more visiting occasions by taking on more food

Interactive activities build consumer loyalty

Who's Innovating?

Starbucks

Secret menu

Figure 14: Secret drink for Halloween, Starbucks, China, 2016

'Winter White' time-limited store in Japan

Plant protein drink alternative for milk in US

Costa Coffee

Flat White Day

Customise your Frostino

Wheelys - Bicycle café

The Consumer - What You Need to Know

The majority of Chinese consumers use coffee houses

Starbucks and UBC are coffee house brands visited most frequently

In-store ambience as important as taste of coffee

Customisation is what consumers desire most, special ways of brewing less worth paying more for

Frequency of Visiting Coffee Houses

The majority of Chinese consumers use coffee houses

Figure 15: Frequency of visiting coffee houses, August 2016

Especially favoured by women aged 25-29, while men aged 20-24 can be potential consumers to target

Figure 16: Frequency of visiting coffee houses (percentage difference as compared to total), heavy users and non-users, by age and gender, August 2016

Opportunity in lower tier cities

Figure 17: Frequency of visiting coffee houses, by city tier, August 2016

Most Frequently Visited Coffee House

Starbucks retains an unassailable lead

Figure 18: Most frequently visited coffee house, August 2016

UBC still in favour but mainly by older consumers

Figure 19: Selected most frequently visited coffee house, by age, August 2016

Other brands need clearer brand images to stand out

Figure 20: Word cloud of most frequently visited coffee house, August 2016

Key Points of Attraction

In-store ambience as important as taste of coffee

Figure 21: Key points of attraction, August 2016

Delivery service yet to explore

Sophisticated consumers looking for more

Figure 22: Key points of attraction, by user category, August 2016

BUY THIS REPORT NOW VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300



Report Price: £3195.84 | \$3990.00 | €3771.09

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

Products Bought in Coffee Houses

Desserts and snacks more popular than coffee

Figure 23: Products bought in coffee houses, August 2016

Figure 24: Desserts of DNA Café - An independent coffee house in Shanghai, 2016

Western-style food welcomed, Chinese-style food not

Tea drinks also favoured

Opportunity in coffee-making tools and packaged coffee beans

Figure 25: Selected products bought in coffee houses in the last three months, by user category, August 2016

Features/Services worth Paying More For

Customisation is what consumers desire most

Figure 26: Coffee features/services worth paying more for, August 2016

Coffee beans more valued as age increases

Figure 27: Selected coffee features/services worth paying more for, by age, August 2016

Engagement in coffee-making process favoured by women aged 25-29

Figure 28: Selected coffee features/services worth paying more for (percentage difference as compared to total), by age and gender, August 2016

Coffee with intensified flavour favoured by men aged 30+

Figure 29: Pret A Manger's highlight of customisation in coffee drinks

Special ways of brewing less worth paying more for

Attitudes towards Coffee and Coffee Houses

Coffee drinking becoming an indispensable part of life

Figure 30: Attitudes towards coffee house visiting, August 2016

Most consumers prefer flavoured coffee

Figure 31: Attitudes towards coffee drinking, August 2016

Meet the Mintropolitans

More heavy users of coffee houses

Figure 32: Frequency of visiting coffee houses, by consumer classification, August 2016

Tea drinks as popular as packaged beverages

Figure 33: Selected products bought in coffee houses, by consumer classification, August 2016

Precious coffee beans is the top coffee feature worth paying more for

Figure 34: Top coffee features/services worth paying more for, by consumer classification, August 2016

Appendix - Market Size and Forecast

Figure 35: Value sales of coffee house market, China, 2011-21

Figure 36: Market volume of coffee house market, China, 2011-21

Appendix - Market Segmentation

Figure 37: Best- and worst-case forecast for market volume of coffee house market chains, China, 2011-21

Figure 38: Best- and worst-case forecast for market volume of coffee house market independents, China, 2011-21

Figure 39: Market volume of coffee house market, by market segments, China, 2011-21

BUY THIS REPORT NOW VISIT: store.mintel.com

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

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



Report Price: £3195.84 | \$3990.00 | €3771.09

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

Appendix - Methodology and Abbreviations

Methodology

Fan chart forecast

Abbreviations

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300