

Report Price: £1750.00 | \$2834.04 | €2223.04

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



"Growth in the coffee market in 2015 was helped by strong sales of coffee pods, which was in contrast to a continuation of the decline seen in recent years in sales of instant coffee. Coffee pods offer further opportunities for growth, while premiumisation is helping to support sales of instant coffee."

- Richard Caines, Senior Food & Drink Analyst

This report looks at the following areas:

- New flavours can help bolster the appeal of instant coffee to a younger audience
- Potential for more growth in coffee pods
- Brands and retailers can add value through encouraging more experimentation

Retail value sales of coffee increased by 3.2% in 2015 to £1.12 billion, with the market boosted by strong growth in sales of pods. Sales of instant coffee continued to decline but were helped to some extent by trading up to newer microground instant coffees.

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

арас +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: £1750.00 | \$2834.04 | €2223.04

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

Products covered in this Report

Executive Summary

The market

Strong growth in coffee pods boosts coffee sales Figure 1: UK retail value sales of coffee*, 2011-21

Microground helps reduce decline in instant coffee

Ageing population who drink more coffee made at home

Companies and brands

Nestlé maintains big lead in instant coffee

Figure 2: Leading manufacturers' shares in the UK retail instant coffee market, by value, 2015/16

Taylors and Lavazza leading brands in ground coffee

Figure 3: Leading brands' value shares in the UK ground coffee/coffee beans market*, 2015/16

The consumer

Nearly eight in 10 people drink coffee made at home

Figure 4: Types of coffee drunk at home, overall use and at least once a day, July 2016

Strong brand loyalty among coffee buyers

Figure 5: Prompts that would encourage people to buy a different coffee type/brand, July 2016

Room for more flavours and cold-brew coffee

Figure 6: Interest in trying different coffee products, July 2016

Coffee shop culture influencing consumer tastes

Figure 7: Attitudes towards coffee, July 2016

Room for more growth in coffee pod sales

What we think

Issues and Insights

New flavours can help bolster the appeal of instant coffee to a younger audience

The facts

The implications

Potential for more growth in coffee pods

The facts

The implications

Brands and retailers can add value through encouraging more experimentation

The facts

The implications

The Market – What You Need to Know

BUY THIS REPORT NOW



Report Price: £1750.00 | \$2834.04 | €2223.04

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

Coffee sales boosted by strong growth in coffee pods

Pods and coffee shop-style drinks offer more growth potential

Microground slows decline in instant coffee sales

Coffee pod sales show strong growth

Ageing population who are more likely to make more coffee at home

Coffee shop competition and strong sales of coffee makers

Market Size and Forecast

Ground coffee and pods boost total sales

Figure 8: UK retail value and volume sales of coffee*, 2011-21

Room for more growth in coffee sales

Figure 9: Best- and worst-case forecast of UK retail value sales of coffee*, 2011-21

Forecast methodology

Segment Performance

Microground helps reduce rate of decline in instant coffee sales

Figure 10: UK retail value and volume sales of instant coffee, 2011-21

Figure 11: Best- and worst-case forecast of UK retail value sales of instant coffee, 2011-21

Ground coffee sees small increase in sales

Figure 12: UK retail value and volume sales of ground coffee/coffee beans, 2011-21

Figure 13: Best- and worst-case forecast of UK retail value sales of ground coffee/coffee beans, 2011-21

Coffee pod sales growing strongly

Figure 14: UK retail value and volume sales of coffee pods, 2011-21

Figure 15: Best- and worst-case forecast of UK retail value sales of coffee pods, 2011-21

Market Drivers

Ageing population could benefit in-home coffee consumption

Figure 16: Trends in the age structure of the UK population, 2010-20

Competition from coffee shops

Coffee consumption steadily increasing

Figure 17: UK household purchases of tea, coffee and cocoa, hot chocolate and malt drinks, 2001-14

Strong sales of coffee makers

Key Players - What You Need to Know

Nestlé maintains big lead in instant coffee market

Taylors and Lavazza leading brands in ground coffee

Pods grow share of NPD activity

Nescafé launches Azera Coffee to Go

Tassimo launches more co-branded products

Increase in spending on coffee advertising

Nescafé most advertised and trusted coffee brand

Stronger association with social responsibility for Kenco

BUY THIS REPORT NOW



Report Price: £1750.00 | \$2834.04 | €2223.04

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

Market Share

Nestlé continues to dominate instant coffee market

Figure 18: Leading manufacturers' sales and shares in the UK retail instant coffee market, by value, 2014/15 and 2015/16

Figure 19: Leading manufacturers' sales and shares in the UK retail instant coffee market, by volume, 2014/15 and 2015/16

Azera fuels Nescafé's sales

Figure 20: Leading brands' sales and shares in the UK retail instant coffee market, by value, 2014/15 and 2015/16

Figure 21: Leading brands' sales and shares in the UK retail instant coffee market, by volume, 2014/15 and 2015/16

Taylors and Lavazza biggest brands in ground coffee

Figure 22: Leading brands' sales and shares in the UK retail ground coffee/coffee beans market (excluding coffee pods), by value, 2014/15 and 2015/16 Figure 23: Leading brands' sales and shares in the UK retail ground coffee/coffee beans market (excluding coffee pods), by volume, 2014/15 and 2015/16

Launch Activity and Innovation

Pods grow share of NPD activity

Figure 24: New product launches in the UK coffee market, by format type, 2012-16

Branded launches increasingly dominant

Figure 25: New product launches in the UK coffee market, by branded vs. private label, 2012-16

Nestlé puts focus on new flavours for pods and café-style coffees

Figure 26: Examples of launches in the UK coffee market by Nestlé, 2016

Jacobs Douwe Egberts focuses on Tassimo

Figure 27: New product launches in the UK coffee market, by company (top 12)*, 2012-16

Taylors launches Nespresso-compatible pods range

Figure 28: Examples of launches in the UK coffee market by Taylors of Harrogate and Lavazza, 2015

Own-label activity focuses on coffee mixes

Ethical and time-saving claims on the increase

Limited editions taking a small but growing share of launch activity

Figure 29: New product launches in the UK coffee market, by claim (top 15)*, 2012-16

Brand Communication and Promotion

Increase in 2015 advertising for coffee

Figure 30: Recorded above-the-line, online display and direct mail total advertising expenditure on coffee, 2012-16

Nestlé top advertiser but share of spending down

Figure 31: Recorded above-the-line, online display and direct mail total advertising expenditure on coffee, by advertiser, 2012-16

Emotive campaign for Nescafé Gold Blend

Kenco message focuses on Coffee vs. Gangs project

Lavazza sees big increase in advertising

Figure 32: Recorded above-the-line, online display and direct mail total advertising expenditure on coffee, by 10 highest-spending brands, 2015

2016 push for new Azera Coffee to Go

Nielsen Ad Intel coverage

Brand Research

What you need to know

BUY THIS REPORT NOW



Report Price: £1750.00 | \$2834.04 | €2223.04

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

Brand map

Figure 33: Attitudes towards and usage of selected brands, July 2016

Key brand metrics

Figure 34: Key metrics for selected brands, July 2016

Brand attitudes: Kenco seen as most socially responsible brand Figure 35: Attitudes, by brand, July 2016

Brand personality: Taylors seen as more exclusive than other brands Figure 36: Brand personality – Macro image, July 2016

Nescafé seen as the most reassuring brand

Figure 37: Brand personality – Micro image, July 2016

Brand analysis

Authenticity a key strength for Taylors of Harrogate Figure 38: User profile of Taylors of Harrogate, July 2016

Lavazza seen as a vibrant, stylish and fun brand

Figure 39: User profile of Lavazza, July 2016

Douwe Egberts' strengths are quality and taste

Figure 40: User profile of Douwe Egberts, July 2016

Nescafé the most trusted coffee brand Figure 41: User profile of Nescafé, July 2016

Kenco socially responsible but needs more product differentiation

Figure 42: User profile of Kenco, July 2016

The Consumer – What You Need to Know

Nearly eight in 10 people drink coffee made at home

Strong brand loyalty among coffee buyers

Free samples most likely to encourage experimentation

Room for more added flavours and on-the-go convenience

Cold-brew coffees can go beyond being niche

Time-saving appeal of instant coffee but quality important

Coffee shop culture influencing consumer tastes

Competition from more refreshing drinks

Room for more growth in coffee pod sales

Breaking down barriers to owning pod machines

Frequency of Drinking Coffee Made at Home

Nearly eight in 10 people drink coffee made at home

Figure 43: Types of coffee drunk at home, overall use and at least once a day, July 2016

Microground coffee bridging gap between instant and ground

Three in 10 people using pods for making coffee

Standard instant coffee drunk the most frequently

Figure 44: Frequency of drinking coffee at home, by type, July 2016

BUY THIS REPORT NOW



Report Price: £1750.00 | \$2834.04 | €2223.04

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

Younger people more likely to drink a variety of coffee types

Figure 45: Repertoire of different types of coffee drunk in the last month, July 2016

Factors Influencing Choice

Most buyers of coffee are loyal to one product

Figure 46: Buying one coffee product vs. buying different coffee products, July 2016

Free samples can help encourage experimentation

Getting people talking about new coffees

Figure 47: Prompts that would encourage people to buy a different coffee type/brand, July 2016

Promotional activity has a big influence on choice of coffee

Figure 48: Most important factors influencing choice when buying one coffee type/brand over another, July 2016

Interest in Trying New Product Concepts

Room for more added flavours in instant coffee

Figure 49: Interest in trying different coffee products, July 2016

Concentrated products and flavours for adding to coffee appeal

Nearly a fifth interested in on-the-go coffee mixes in a cup

Cold-brew coffees can help brands win over 16-34s

Functional benefits can add to the appeal of coffee

Attitudes towards Coffee

Instant coffee appeals when consumers are pressed for time

Figure 50: Attitudes towards coffee, July 2016

Coffee shop culture influencing consumer coffee tastes

Coffee competes against more refreshing drinks

Ownership of Coffee Pod Machines and Barriers to Buying

Three in 10 households have a pod machine

Figure 51: Ownership of coffee pod machines, July 2016

Price of pod machines and pods still a barrier to buying

Figure 52: Reasons for not currently owning a coffee pod machine, July 2016

Persuading people to have more hot drinks

Convincing people of the convenience of pod machines

Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

Appendix – Market Size and Forecast

Figure 53: Best- and worst-case forecast of total UK retail value sales of coffee*, 2011-21

Figure 54: Best- and worst-case forecast of total UK retail volume sales of coffee*, 2011-21

Figure 55: Best- and worst-case forecast of total UK retail volume sales of coffee*, 2011-21

Fan chart forecast

BUY THIS REPORT NOW



Report Price: £1750.00 | \$2834.04 | €2223.04

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

Appendix – Segment Performance

Figure 56: Best- and worst-case forecast of UK retail value sales of instant coffee, 2011-21 Figure 57: Best- and worst-case forecast of UK retail volume sales of instant coffee, 2011-21 Figure 58: Best- and worst-case forecast of UK retail volume sales of ground coffee, 2011-21 Figure 59: Best- and worst-case forecast of UK retail value sales of ground coffee/coffee beans, 2011-21 Figure 60: Best- and worst-case forecast of UK retail volume sales of ground coffee/coffee beans, 2011-21 Figure 61: Best- and worst-case forecast of UK retail volume sales of ground coffee/coffee beans, 2011-21 Figure 61: Best- and worst-case forecast of UK retail volume sales of ground coffee/coffee beans, 2011-21 Figure 62: Best- and worst-case forecast of UK retail volume sales of coffee pods, 2011-21 Figure 63: Best- and worst-case forecast of UK retail volume sales of coffee pods, 2011-21 Figure 64: Best- and worst-case forecast of UK retail volume sales of coffee pods, 2011-21

Appendix – Launch Activity and Innovation

Figure 65: New soluble/instant coffee product launches, by branded vs. private label, 2012-16

Figure 66: New ground coffee product launches, by branded vs. private label, 2012-16

Figure 67: New product launches of coffee bags, pods and pre-filled filters, by branded vs. private label, 2012-16

Figure 68: New coffee mixes product launches, by branded vs. private label, 2012-16

BUY THIS REPORT NOW