

Foodservice Coffee and Tea: Incl Impact of COVID-19 - US - July 2020

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.



“Demand for premium made-to-order coffee was strong at the start of 2020 but the market was completely shaken by pandemic-related disruptions. High unemployment is encouraging consumers to choose affordable retail coffee products while the increase in remote working reduces many consumers’ need for AFH coffee.”

- Amanda Topper, Associate Director of Foodservice Research

This report looks at the following areas:

- The impact of COVID-19 on consumer behavior and the foodservice coffee and tea market
- How foodservice coffee and tea operators will fare in a recession
- Coffee and tea menu trends and innovation opportunities
- Which demographics are driving the market forward

As 2020 started out, demand for prepared coffee drinks was strong and, in most cases, stable. More than a third of consumers had increased their foodservice coffee purchases year over year, prior to COVID-19. The foodservice coffee and tea market has become highly segmented, with three dominant chains – Starbucks, Dunkin’ and McDonald’s – selling the majority of coffee. C-stores and LSRs compete for the rest, while independent coffee shops fill niches for artisanal, specialized drinks. COVID-19 has made competition from retail options even more intense, with the dominant chains quickly recalibrating to respond to shrinking business and new service needs.

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

Foodservice Coffee and Tea: Incl Impact of COVID-19 - US - July 2020

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

Key issues covered in this Report

Definition

Coffee wave definitions

Executive Summary

Top takeaways

Market overview

Figure 1: Unemployment and underemployment, January 2007-June 2020

Figure 2: Spending cuts – NET – Any rank, November 2019

Impact of COVID-19 on foodservice coffee and tea

Figure 3: Short, medium and long term impact of COVID-19 on foodservice coffee and tea, July 2020

Opportunities and challenges

Re-emergence

Figure 4: Important foodservice coffee factors – NET – Any rank, by location most often visited for coffee, April 2020

Recovery

Figure 5: Foodservice coffee attitudes, April 2020

Figure 6: Coffee attribute interest – NET – Any coffee, by gender and age, April 2020

The Market – What You Need to Know

Retail competition percolating

Panic buying and supply chain issues raise coffee prices

Poor economic conditions lead to fewer pour-overs

Market Perspective

Retail options thrive as consumers stay home

RTDs beat foodservice at functionality

Figure 7: Interest in functional coffee attributes (retail), May 2019

Energy drinks give consumers a jolt

Figure 8: Total US retail sales and forecast of energy drinks and shots, at current prices, 2014-24

Market Factors

Coffee prices spike due to pandemic panic buying and supply chain disruptions

Economic fallout will last much longer than the pandemic

Figure 9: Unemployment and underemployment, January 2007-June 2020

Figure 10: Spending cuts – NET – Any rank, November 2019

Key Players – What You Need to Know

Major players pivot in the wake of COVID-19

**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

Foodservice Coffee and Tea: Incl Impact of COVID-19 - US - July 2020

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.

Operators must get creative to offset morning occasion losses

Value is king as consumers limit discretionary spending

Coffee and Tea Menu Trends

Coffee and tea drinks continue to rise on menus

Figure 11: Top 10 coffee beverages on US menus, Q1 2017-20

Figure 12: Top 10 tea beverages on US menus, Q1 2017-20

Coffee preps play it cool

Figure 13: Top 10 coffee preparations on US menus, Q1 2017-20

Traditional coffee flavors flourish

Figure 14: Top 10 coffee flavors on US menus, Q1 2017-20

Fruity, spicy tea flavors on top

Figure 15: Top 10 tea flavors on US menus, Q1 2017-20

LTOs show new directions in coffee and tea preparations

Figure 16: Select coffee and tea LTOs, October 2019-June 2020

What's Working

Dunkin' reinvents itself

Figure 17: Dunkin' Refreshers Facebook ad, June, 2020

Brands pivot in response to COVID-19

Figure 18: DIY Dunkin' Donut Kits, April 2020

Is it tea's time to shine?

What's Struggling

Breakfast's boom goes bust

Figure 19: Caribou Coffee email, "Feeding a herd? Order a Bundle (new!) from Uber Eats," June 20, 2020

Independents may never fully recover

What to Watch

Value-based promotions will be vital to success in a recession

Figure 20: Panera Bread Bread email, "FREE COFFEE Sign Up Extended!" July 6, 2020

Figure 21: Caribou Coffee email, "Only 2 more days to earn your Caribou Coffee Karma Badge," July 29, 2020

The micro cafe

Figure 22: Starbucks micro cafe

Functionality comes to coffee shops

The Consumer – What You Need to Know

Afternoon treats and snack occasions can make up for dwindling morning sales

Hot drinks are a must-have but operators should play it cool

Flavor and functionality keep coffee exciting, especially for younger drinkers

Coffee and Tea Consumption

Cold drinks satisfy younger consumers

**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

Foodservice Coffee and Tea: Incl Impact of COVID-19 - US - July 2020

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 23: Coffee and tea consumption – NET – Any consumption, April 2020

Figure 24: Coffee and tea consumption, April 2020

Figure 25: Coffee and tea consumption – NET – Any consumption, by age, April 2020

Frequent purchasers are more likely to experiment

Figure 26: Coffee and tea consumption – NET – Any consumption, by change in coffee purchase (pre-COVID-19)

Coffee Purchase Location

Coffee chains reign

Figure 27: Coffee purchase location, most often, April 2020

All generations prefer coffeehouse chains

Figure 28: Coffee purchase location, by generation, April 2020

Lower-earning households rely on affordability of fast food and c-store coffee

Figure 29: Coffee purchase location, by household income, April 2020

Change in Coffee Purchases (Pre-COVID-19)

One third of consumers increased their coffee purchases pre-COVID-19

Figure 30: Change in coffee purchases (pre-COVID-19), April 2020

Gen Zs and Millennials are driving the market forward

Figure 31: Change in coffee purchases (pre-COVID-19) – More, by select demographics, April 2020

Independent coffeehouse consumers were buying more coffee pre-COVID-19

Figure 32: Change in coffee purchase (pre-COVID-19), by coffee purchase location, April 2020

Important Foodservice Coffee Factors

Hot drinks are table stakes, but restaurants should chill out

Figure 33: Important foodservice coffee factors – NET – Any rank, April 2020

QSR coffee drinkers are most price conscious

Figure 34: Important foodservice coffee factors – NET – Any rank, by coffee purchase locations, April 2020

Coffee Attribute Interest

Creamers can aid in consumer comfort with coffee functionality

Figure 35: Coffee attribute interest – NET – Any coffee, April 2020

Younger consumers will move functional coffee forward

Figure 36: Coffee attribute interest – NET – Any coffee, by gender and age, April 2020

Frequent coffee buyers most interested in functional coffees

Figure 37: Coffee attribute interest – NET – Any coffee, by change in coffee purchases (pre-COVID-19), April 2020

Coffeehouse chain and independent consumers most open to flavor innovation

Figure 38: Coffee attribute interest – Net – Any coffee, by coffee purchase locations, April 2020

Foodservice Coffee Behaviors

Consumers primarily drink coffee in the morning but opportunity lies in afternoon occasions

Figure 39: Foodservice coffee behaviors, April 2020

Flavor innovation can excite young coffee consumers

Figure 40: Foodservice coffee behaviors, by generation, April 2020

**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

Foodservice Coffee and Tea: Incl Impact of COVID-19 - US - July 2020

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.

Premium, flavored coffees pave the way for upsell opportunities

Figure 41: Foodservice coffee behaviors, by change in coffee purchases (pre-COVID-19), April 2020

Coffeehouse chain customers prefer flavored coffees

Figure 42: Foodservice coffee behaviors, by coffee purchase location, April 2020

Foodservice Coffee Attitudes

Figure 43: Foodservice coffee attitudes, April 2020

Figure 44: Denny's email, "Packs that feed the fun!" July 22, 2020

Figure 45: Foodservice coffee attitudes, by generation, April 2020

Figure 46: Foodservice coffee attitudes, by coffee purchase location, April 2020

Appendix – Data Sources and Abbreviations

Data sources

Consumer survey data

Direct marketing creative

Abbreviations and terms

Abbreviations

**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