

# Coffee and Tea: Incl Impact of COVID-19 - Canada - August 2020

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## This report looks at the following areas:

This raises the question: what long-term impact will COVID-19 have on coffee and tea? The answer will be determined by how broader behaviours impact the role of coffee shops. Coffee and, to a lesser extent, tea will undoubtedly remain important to Canadians, but where Canadians get these beverages may be impacted.

- Retail sales of coffee and tea benefited in the early days of the pandemic as many Canadians “sheltered in place” and coffee shops and other foodservice locations shut for a period of time. Foodservice traffic will likely be impacted throughout the duration of the pandemic. However, the long-term impact is yet to be understood and will be dependent partly on how the broader work and commuting landscape changes, such as whether working-from-home remains the norm.
- Given the habitual nature of coffee and tea, the impact of a recession on overall consumption patterns will likely be nominal. The most pervasive impact may be seen in a shift from out-of-home to in-home purchases, influenced by a reduction in disposable income for many, spurred on by higher unemployment rates. That said, Canada has a very robust out-of-home coffee industry, and larger players in the space will likely weather any economic storm brought on by the virus.
- Feedback shows that coffee proves more popular with Canadians than tea. Coffee benefits from its particularly habitual nature, leading to a heightened desire for familiarity among many coffee drinkers, while unique flavours garner more interest when it comes to tea.
- Tea is strongly associated with physical and emotional wellbeing. In the context of COVID-19, which has led to heightened levels of anxiety among consumers, tea is well-positioned as a beverage that can help alleviate stress and support a sense of balance and calm.



“The COVID-19 pandemic brought a pervasive feeling of fear and anxiety for many. As Canadians were asked to shelter in place, many sought comfort in what they know, including coffee and tea. During the early days of the pandemic, coffee sales at retail increased amid the closure of many coffee shops as lockdown measures were in full-force.”

– Joel Gregoire, Associate Director Food & Drink

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- Tea stands to receive a modest bump at retail due to COVID-19

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- **Coffee and tea launches cross over into each other's 'turf'**
- **Functional benefits in tea can extend beyond 'relaxation'**

## WHAT'S WORKING

- **Retail coffee sales peaked during the early days of lockdown**

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- **Brand and price are most important to consumers when purchasing coffee and tea**
- **Flavour innovation proves more important in tea**
- **Coffee's advantage over tea lies in routine**
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