

Coffee - UK - April 2011

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What is this report about?

Overall, the in-home coffee market is worth 55.3 million kg in volume sales in 2010, and £831 million in value sales.

Volume sales growth has been stagnant over the past five years, however, increasing premiumisation as well as escalating commodity prices have meant that value sales have risen steadily, albeit not above the rate of inflation.

What have we found out?

- Manufacturers need to do more to promote the health benefits of instant coffee or develop healthier brand extensions to prevent older consumers from falling out of the market. Currently, as UK adults reach 65+ their instant coffee consumption falls from 13.4 cups per week to 11.9 – worth millions of pounds considering this age group now accounts for a fifth of the adult population.
- Coffee shops such as Starbucks and Costa can enter the in-home coffee market much more aggressively than is currently the case, by focusing on youth-targeted products. Among the current generation of 16-24 year old drinkers, a quarter trust branded coffee shops to make better quality in-home coffee than established supermarket brands like Nescafé and Kenco.
- Coffee brands can do more to promote their energy-giving benefits, something which has been key to growing energy/sports drinks into a billion pound market as consumers look for help in navigating increasingly busy lifestyles. Just under half (47%) of in-home drinkers agree that coffee provides a welcome energy boost.
- Developing a business model which allows consumers to have a free pod machine in exchange for being tied to a monthly contract where they pay to receive a set amount of pods/capsules can stimulate the market. Currently, seven in ten put are off buying a coffee pod machine for their home because it is too expensive.
- There is also an opportunity to target smaller variants of coffee pod machines towards young urbanites. Londoners are almost twice as likely as average to be interested in owning pod machines but 47% of Londoners are put off owning the machines because they will take up too much space in the kitchen, compared to 41% of the overall population.
- Coffee pods increasingly have an opportunity to target the working population. Currently, just over 30 million UK adults are in the workplace and 8 million (or 27%) of them tend to drink instant coffee at work but would rather drink roasted/ground coffee.

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