

National Coffee
Drinking Trends 2016

Single-Cup Brewing

CHANGING
BEHAVIORS
AND
ATTITUDES



The **NCA**
Market Research
Series

nca



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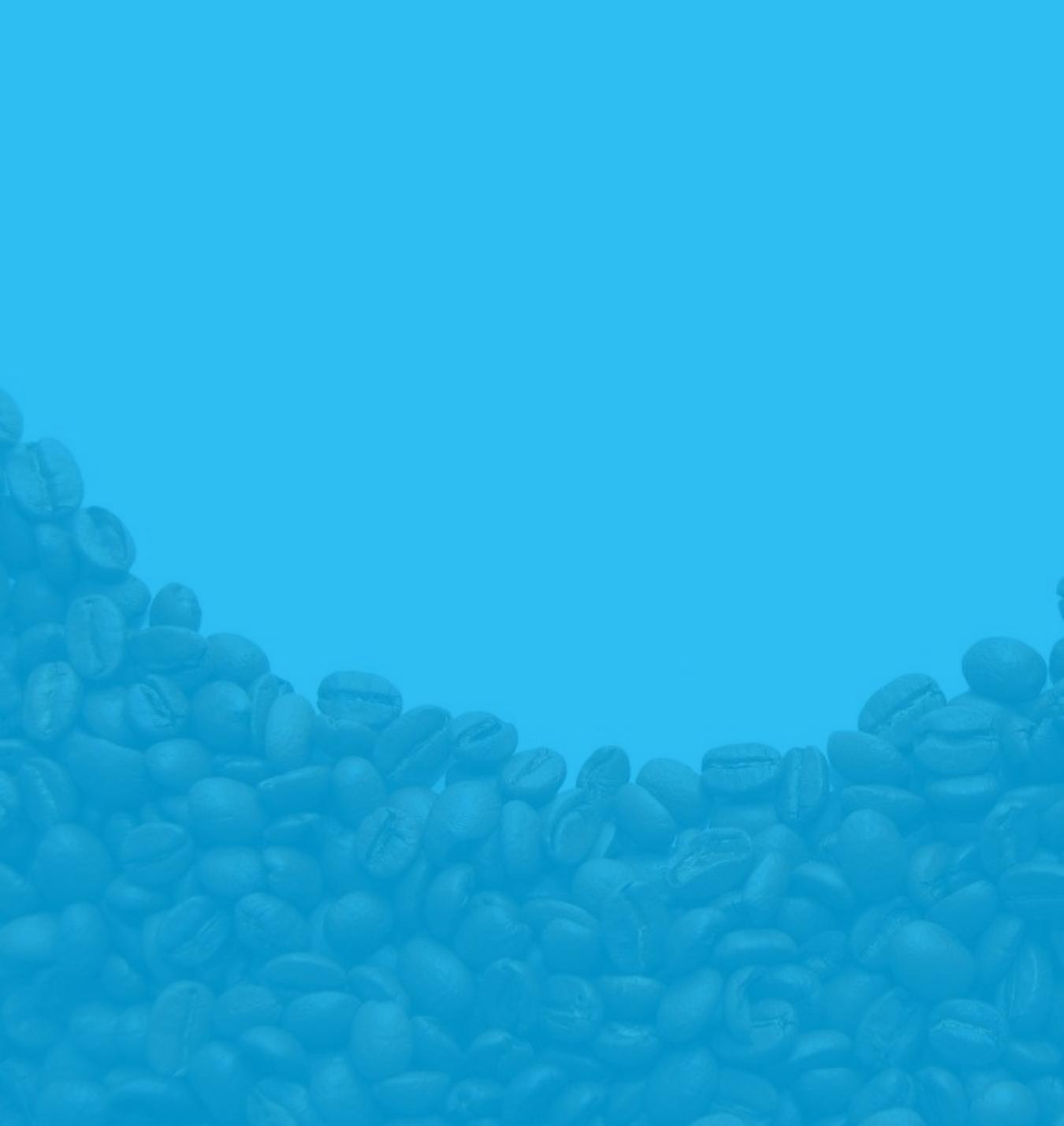
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National Coffee Association of U.S.A.

- ▶ Founded in 1911, The National Coffee Association was one of the first trade associations organized in the United States. National Coffee Association membership is comprised of producers, importers, roasters, wholesalers/distributors, retailers and allied trade.
- ▶ The National Coffee Association is the most experienced, broadly based and reliable advocate for the coffee industry, drawing on over 100 years of experience to address the multiple interests and concerns of our members.
- ▶ The mission of The National Coffee Association is to be the foremost trade association representing the entire coffee industry in the United States.
- ▶ We are committed to the growth and well-being of the industry through our roles as:
 - ▶ A proactive advocate for the industry, acting as the industry's recognized spokesperson and voice for promoting consumption.
 - ▶ An educator for our members and consumers who lead the industry in facilitating research, and gathering and disseminating relevant research data.
 - ▶ A forum for interaction that addresses key issues confronting the domestic and international industry.



BACKGROUND AND RECENT ENHANCEMENTS



Background

- ▶ Since 1950, the National Coffee Association of U.S.A. has commissioned an annual survey of Americans regarding their consumption of coffee and since 1993, their habits and practices related to espresso-based beverages including cappuccino, espresso, latte, iced/coffee blended with ice, café mocha and macchiato.
- ▶ The study provides the longest available statistical series on consumer drinking patterns related to coffee and other beverages. In the earliest years, the study was sponsored by the Pan American Coffee Bureau and then the International Coffee Organization. Since 1991, the study has been financed and conducted by the National Coffee Association of U.S.A.



Recent Enhancements

- ▶ The tracking of habits and practices as they relate to the consumption of cappuccino, espresso, latte and iced/coffee blended with ice began in 1993, café mocha was added in 1999, macchiato was added in 2009, caffè Americano was added in 2014 and flat white, cold brew coffee and nitrogen carbonated coffee were added in 2016. In the past, these coffee types had been presented separately from what was historically defined as coffee: regular, soluble (instant) and decaffeinated coffee. This separation was maintained to ensure comparable historical trends. Given the increase in consumption of these coffee types, however, their data has been, since 1999, aggregated with the traditionally defined coffee consumption data in defining the total U.S. market and in tracking the consumption of total coffee. Statistics breaking out these newer additions to the market are also presented separately and titled accordingly.
- ▶ As a result, since 1999, the total coffee market includes all coffee types: regular, instant and decaffeinated coffee and Gourmet Coffee Beverages, which includes gourmet (premium whole bean or ground) coffee, iced/coffee blended with ice, cold brew coffee, nitrogen carbonated coffee and espresso-based beverages such as cappuccino, espresso, latte, café mocha, macchiato, caffè Americano and flat white.
- ▶ Beginning in 2006, profiling non-drinkers of coffee was added to the study.



Recent Enhancements (cont'd)

- ▶ In 2010, several changes were made to the way in which coffee types are profiled:
 - ▶ Previously, Gourmet coffee was treated as a format (equivalent to Regular coffee or Cappuccino for example). Since 2010, Gourmet is treated as an option for every brewed coffee format. As a result, the questionnaire now asks if each cup of brewed coffee was or was not gourmet (defined as brewed from premium whole bean or ground varieties).
 - ▶ Previously, iced coffee was also treated as a format. Now, iced is treated as an option for every coffee format (e.g., a consumer can have an Iced regular coffee, Iced Cappuccino, Iced Latte, etc.). As a result, the questionnaire now asks if each cup of coffee was hot or iced.



Recent Enhancements (cont'd)

- ▶ Previously, coffee was classified as “instant” or “brewed.” This list was expanded in 2012 to include nine preparation options, in 2014 to include ten preparation options, and in 2016 to include twelve preparation options. Nine of these preparation options are classified as “brewed” during the results analysis, two are classified as “instant” and one as “ready-to-drink.”

Brewed Coffee

- Drip coffee maker
- Espresso machine
- French press/plunger
- Moka stove top (octagonal Italian-style brewer)
- Percolator
- A machine that uses a pre-measured, sealed disk or capsule of coffee to make a single cup
- Coffee strainer
- Pour over (e.g., Chemex) (added in 2014)
- Cold brewing (brewed without heat for a long period of time) (added in 2015)

Instant Coffee

- Instant coffee (adding hot water to coffee granules, powder or syrup in a cup)
- Coffee concentrate (that you buy in a bottle and add water or milk to) (added in 2015)

Ready-To-Drink Coffee

- Purchased ready-to-drink in a bottle, can or carton



Recent Enhancements (cont'd)

- ▶ In 2012, there were a few additional questionnaire changes:
 - ▶ Café con leche was added as a distinct coffee type.
 - ▶ Coffee strainer was added as a coffee preparation method.
 - ▶ Alcohol, water and condensed milk were included as something that could be added to prepared coffee.
 - ▶ "Small corner store" and "given as a gift or sent to me" were added as purchase options for coffee prepared at-home.
 - ▶ A section on workplace coffee was added.
 - ▶ The section on understanding the effect of the economy on coffee consumption was changed.



Recent Enhancements (cont'd)

- ▶ In 2013, a few changes were made:
 - ▶ Other natural sweeteners (e.g., Stevia, honey, etc.) was added as something that might be added to coffee.
 - ▶ An espresso-sized cup was added as a cup size.
 - ▶ Questions were brought back on coffee certifications and coffee equities.
 - ▶ A statement was added about single-cup brewers: "This brewer is able to make a wide variety of coffee flavors or roasts."
 - ▶ For single-cup brewers, attitudinal statements with wording referring to "coffee packets" were changed to "coffee disks/capsules."



Recent Enhancements (cont'd)

- ▶ In 2014, there were some questionnaire changes:
 - ▶ Pour over (e.g., Chemex) was added as a preparation method.
 - ▶ A question about coffee roast (e.g., light, medium, dark) was added.
 - ▶ For instant coffee, respondents were asked about how the water used for the coffee was heated.
 - ▶ Milk alternatives (e.g., soy milk), evaporated milk and espresso shot were added as something that might be added to coffee.
 - ▶ The type of liquid and powdered creamers (e.g., dairy, non-dairy, flavored, unflavored) was probed.
 - ▶ If coffee was bought at a QSR, café, donut shop, convenience store or gas station, consumers were asked if they purchased it at a drive-through.
 - ▶ Whole bean or ground coffee was asked if coffee was prepared at-home.
 - ▶ Wasteful packaging/not environmentally friendly added to list of disadvantages of using stick packs.
 - ▶ Quality of taste (e.g., tastes very good, somewhat good, etc.) was asked for coffee-producing countries.
 - ▶ Utz Certified was added to list of coffee certifications.
 - ▶ “Worth paying a little more for” was added to the list of certification program meanings, and “Better price for coffee” was removed from the list.
 - ▶ Questions were added asking about different reasons and situations for drinking coffee.
 - ▶ Single-cup brewer owners are now asked which brewing method they used most often prior to owning the single-cup brewer.
 - ▶ Caffè Americano, Lemonade and Soup were added to the list of beverages consumers could make with their single-cup brewer.
 - ▶ In the list of single-cup attitudes, this statement was added: “A single-cup brewer is a good way to make tea and other beverages.”



Recent Enhancements (cont'd)

- ▶ In 2015, there were a few questionnaire changes:
 - ▶ Lemonade was added to the beverages that consumers could drink past-day.
 - ▶ Cold brewing was added as a preparation method.
 - ▶ Coffee concentrate was added as a preparation method.
 - ▶ Coffee roast (light, medium, dark) was asked of all coffee. Previously, it was asked for brewed coffee only.
 - ▶ Condensed milk (as a coffee additive) was changed to Sweetened condensed milk.
 - ▶ Whole bean coffee that you ground at home, Whole bean coffee that you ground in the store, and Already ground before you bought it were options consumers could select for ground coffee purchased for at-home use.
 - ▶ "Most coffee is grown in an environmentally sustainable way" was added as a statement in the coffee equity section where consumers were asked agreement/disagreement.
 - ▶ When working or studying at a coffee shop was added to the list of situations when consumers drink coffee.
 - ▶ Respondents were allowed to enter "other" reasons for limiting the amount of coffee they drink.
 - ▶ Consumers were directly asked if they own a single-cup brewer. Prior to this, the option "Already have this brewer in my home" was a response option in a question around purchase intent for single-cup brewers.
 - ▶ Chai latte was added to the list of beverages that consumers could make with their single-cup brewer.
 - ▶ Cold brewing and Coffee concentrate were added to the list of brewing methods that single-cup owners could have used prior to using their single-cup machine.
 - ▶ Those who own a single-cup brewer were asked how likely they are to buy a new single-cup brewer in the next six months.



Recent Enhancements (cont'd)

- ▶ In 2016, there were some questionnaire changes:
 - ▶ Unflavored bottled water was split into two types (not carbonated versus carbonated).
 - ▶ Coffee options were expanded to include flat white, cold brewed and nitrogen infused.
 - ▶ Hot chai tea latte, iced chai tea latte, hot tea latte (not chai), iced tea latte (not chai) and matcha tea were added to the tea beverage list.
 - ▶ Coffee additives options were expanded to include "other natural sweeteners (honey, maple syrup), Stevia, milk, and milk alternatives (soy milk, almond milk, etc.).
 - ▶ A new question polled respondents on the types of milk and milk alternatives they add to their coffee.
 - ▶ Additional questions on instant coffee stick pack advantages and disadvantages were removed.
 - ▶ Certifications were expanded to include Bird Friendly and coffee produced from a single origin.
 - ▶ A question on the effect of certifications on purchase interest was added.
 - ▶ Need states were expanded to include when consumers "need a moment to myself," "when I need energy that lasts a long time," and "when I need to cool down."
 - ▶ Situations during which coffee is consumed were expanded to include "something to drink with dessert," and "when getting ready for my day."
 - ▶ Factors that limit consumers' coffee consumption were expanded to include "It's too much work to prepare at-home" and "I'm concerned about developing a coffee habit."
 - ▶ The following attitudinal statements were added for single-cup brewers:
 - ▶ It makes a large enough cup of coffee.
 - ▶ There is less leftover, wasted coffee.
 - ▶ No one has to compromise – we each have whatever coffee we want.
 - ▶ A single-cup brewer is the only way I know how to make coffee.
 - ▶ A new question was added on the reasons consumers choose to drink coffee at restaurants or cafés, while another new question asked for reasons consumers choose to drink coffee at-home.
 - ▶ Additional demographic information was collected on the ages of members of the respondent's household and the nature of the household's geographic area (e.g., city, suburban, rural, etc.).



Recent Enhancements (cont'd)

- ▶ Changes were made to the data collection dates. In 2015 and 2016, interviewing occurred in mid-to-late January. Previously, field dates tended to be late January to late February.
- ▶ Data collection continues to evolve to reflect the changing reality of the marketplace:
 - ▶ Interviewing for the NCDT was initially conducted face-to-face.
 - ▶ The study transitioned to a telephone methodology in 1979.
 - ▶ Starting in 2010, the study migrated to online data collection (a self-completed online survey). This was preceded by two years (2008 and 2009) in which the same questionnaire was administered on the telephone and online.
- ▶ In 2012, the study remained online but the sample profile changed; in previous years, quotas were used to ensure that the study mirrored the U.S. population in terms of age, gender and region. Ethnicity quotas were not used. In 2012, quotas for Hispanic-American and African-American ethnicity were introduced for the first time. The study was also offered in Spanish, which allowed for the inclusion of less acculturated Hispanic-Americans, and the additional breakdown of results by level of acculturation.
- ▶ In 2013, the sample profile was structured to include a representative sample of the U.S. population with quotas for Hispanic-Americans and African-Americans without oversampling for these groups. The survey also continued to be offered in Spanish.



RESEARCH METHODOLOGY



Single-Cup Brewer Ownership Caveat

- ▶ In 2015, the way the question regarding single-cup brewer ownership was asked to respondents was modified, which may impair direct comparisons to 2014. Comparisons in this report between single-cup owners and non-single-cup owners in 2014 versus 2015 should be made with due caution.

2014 and previous

In the next six months, how likely are you to buy this type of single-cup brewer for use in your home?

- Definitely buy
- Probably buy
- Might or might not buy
- Probably not buy
- Definitely not buy
- Already have this brewer in my home**

2015 and ongoing

Do you currently have a single-cup brewer in your home?

- Yes**
- No

Classified as single-cup brewer owner



Data Collection

- ▶ The 2016 National Coffee Drinking Trends study was conducted among both males and females, 18 years of age or older, who consumed a beverage other than tap water the day prior to being interviewed. The samples are representative of the population of the U.S. (235,016,000 aged 18 years or older).
- ▶ The methodology for the online survey was:
 - ▶ Nationally representative sample of 2,782 people aged 18 years and older.
 - ▶ Respondents randomly selected from online panels.
 - ▶ Interlocking quotas were used for age, gender, region, Hispanic-American ethnicity and African-American ethnicity.
 - ▶ Within the Hispanic-American sample, quotas were established for languages spoken at-home (English dominant, bilingual and Spanish dominant).
 - ▶ This was used as a proxy for acculturation.
 - ▶ For the fifth time, the survey was available in English and Spanish.
 - ▶ All respondents drank a beverage other than tap water past-day. Drinking coffee is not a requirement to participate in the research.
 - ▶ Data collection: January 11 – January 26, 2016, with daily quotas to ensure a balanced mix of days of the week. This is earlier than in previous years, when field dates tended to be late January to late February.



Ethnic Sample and Weighting

- ▶ In order to obtain a solid read of coffee consumption and attitudes among the Hispanic-American population, a total of n=452 Hispanic-American consumers were interviewed in the 2016 NCDT.
- ▶ The final dataset was weighted based on age, gender, region and ethnicity to match the U.S. population based on the 2010 U.S. census. Because the sample profile was structured to mirror the population on these attributes, the weighting did not significantly affect the sample distribution.

	Base – Un-Weighted	Percent – Un- Weighted	Base – Weighted	Percent – Weighted
Total	2782	100	2779	100
Ethnicity				
Total Non-Hispanic	2330	84	2328	84
Total Hispanic-American	452	16	451	16
Caucasian-American	1908	69	1904	69
African-American	370	13	369	13
Asian and Other	133	5	133	5
Hispanic Country of Heritage				
Puerto Rican	69	2	70	3
Mexican	202	7	199	7
Cuban	40	1	39	1
Dominican	14	1	14	0
Some other Hispanic or Spanish-speaking ethnicity	134	5	135	5
Hispanic Acculturation				
English Dominant	143	5	142	5
Bilingual	166	6	165	6
Spanish Dominant	137	5	138	5



Online data collection
January 11 – January 26, 2016
n=2,782 respondents

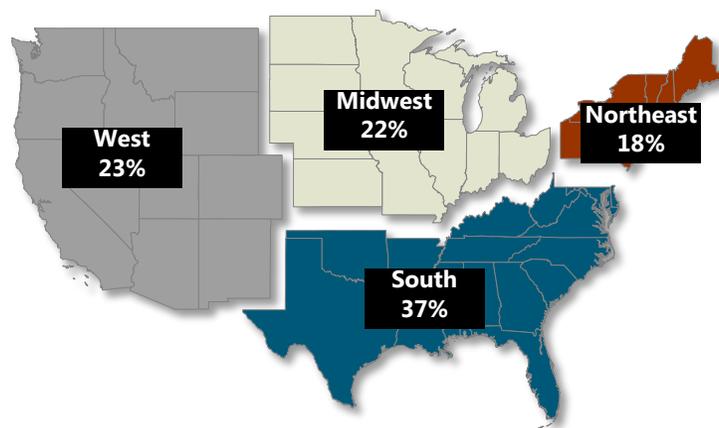
Respondents were screened to meet the following criteria:

- Aged 18+
- All respondents drank a beverage other than tap water past-day. (Drinking coffee is not a requirement to participate in the research.)
- The weighted sample profile reflects the American population 18+, with interlocking quotas for age, gender, region and ethnicity.
- Also, there were daily quotas to ensure a balanced sample by day of week.

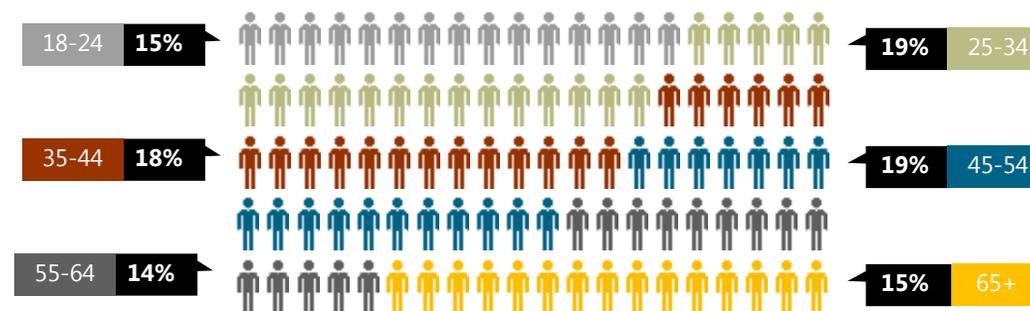
For the purposes of this report, Millennials are defined as aged 18-34, Gen X is defined as 35-53, and Boomers are defined as 54+.

Methodology Summary

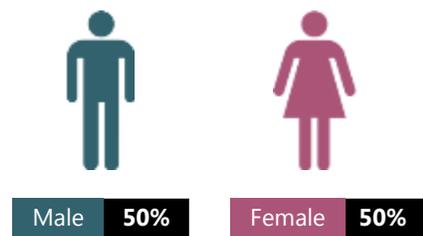
REGION



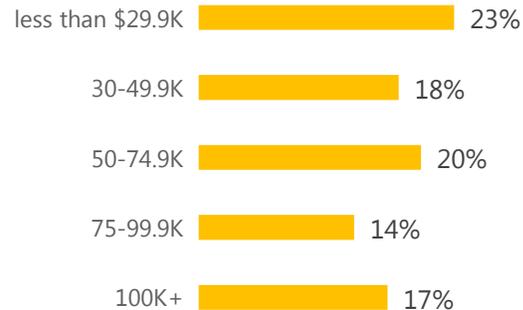
AGE



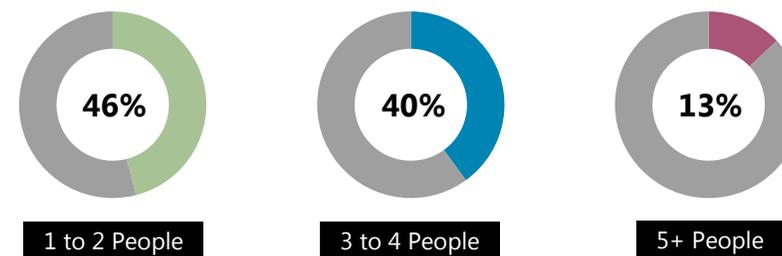
GENDER



HOUSEHOLD INCOME



HOUSEHOLD SIZE





Day Parts

- ▶ Each respondent was interviewed regarding the beverages that they consumed “yesterday”— i.e., the day before being contacted. Specifically, consumption information was collected for each of six time periods:
 - ▶ Breakfast – defined to respondents as “the first meal after rising, even if you only had fruit juice or coffee”
 - ▶ Morning – defined as “between breakfast and lunch”
 - ▶ Lunch
 - ▶ Afternoon – defined as “between lunch and dinner”
 - ▶ Dinner
 - ▶ Evening – defined as “after dinner”
- ▶ If coffee was consumed during one or more of these time periods, details of coffee consumption practices for each time period were collected. In addition to this time-period-specific information, coffee drinkers were asked in detail about more general coffee consumption practices as well as attitudes and perceptions with respect to coffee beverages.



Nomenclature

- ▶ **Total Coffee:** includes all coffee types
- ▶ **Traditional Coffee – Not Gourmet (TC-NG):** Traditional Coffee (Traditional Coffee, drunk hot or iced) that is not brewed from premium whole bean or ground varieties
- ▶ **Instant Coffee:** Instant Coffee from a can or jar (adding hot water to coffee granules or syrup in a cup) or Instant Coffee from single, pre-measured stick pack (adding hot water to coffee granules in a cup) or Instant Coffee from coffee concentrate (that you buy in a bottle and add water or milk to)
- ▶ **Decaffeinated Coffee:** a cup of coffee that was decaffeinated or a combination of decaffeinated and caffeinated
- ▶ **Gourmet Coffee Beverages (GCB):** Traditional Coffee – Gourmet, espresso-based beverages, iced/frozen blended gourmet coffee, and ready-to-drink coffee
- ▶ **Traditional Coffee – Gourmet (TC-G):** Traditional Coffee drunk hot or iced that is brewed from premium whole bean or ground varieties
- ▶ **Espresso-Based Beverages (EBB):** includes cappuccino, espresso, latte, café mocha, macchiato, flat white and caffè Americano
- ▶ **Iced/Frozen Blended Gourmet Coffee:** includes Iced and Frozen Blended gourmet coffee
- ▶ **Cold Brew Coffee** (brewed without heat for a long period of time)
- ▶ **Iced Coffee Infused with Nitrogen** (carbonated)
- ▶ **Café con leche can be included in:** Traditional Coffee – Gourmet or Traditional Coffee – Not Gourmet. The distinction is based on the respondent believing that the Café con leche was or was not gourmet coffee — that is, brewed from premium whole bean or ground varieties.
- ▶ **Ready-To-Drink Coffee:** Purchased ready-to-drink in a bottle or can
- ▶ **“Daily” or “Past-Day”** penetration refers to respondents who drank coffee or Gourmet Coffee Beverages the day before they were interviewed. These respondents may not necessarily consume coffee or Gourmet Coffee Beverages every day.



Caveat

- ▶ Data collected using different methodologies should be compared with caution, as the data collection methodology itself can affect the results.
- ▶ The 2012 NCDT data collection methodology is different versus previous NCDT research because previous ethnicity imbalances have been corrected, the survey is now offered in Spanish, and there are quotas within the Hispanic-American sample for language use at-home.
- ▶ As such, any changes in reported coffee behavior in 2012 versus previous years may stem from the different sample profile and not from changes in the market.
- ▶ For this reason, refrain from making direct comparisons between 2012 data and data from previous years.
- ▶ Comparisons, however, can be made between 2012 – 2016 data.



Defining Gourmet Coffee

- ▶ In the National Coffee Drinking Trends study, espresso-based beverages (espresso, cappuccino, latte, etc.) are considered gourmet. This occurs whether or not the espresso-based beverage was prepared with espresso.
- ▶ When the consumer drinks traditional coffee, the study asks if that coffee was gourmet (brewed from premium whole bean or ground varieties). This allows us to break traditional coffee into Traditional Coffee – Not Gourmet and Traditional Coffee – Gourmet. Because of this approach, there is an element of perception in gourmet coffee.



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