Growth Platforms: Cold Coffee, Functional Beverages, and Changing Consumer Habits

Nik Allen

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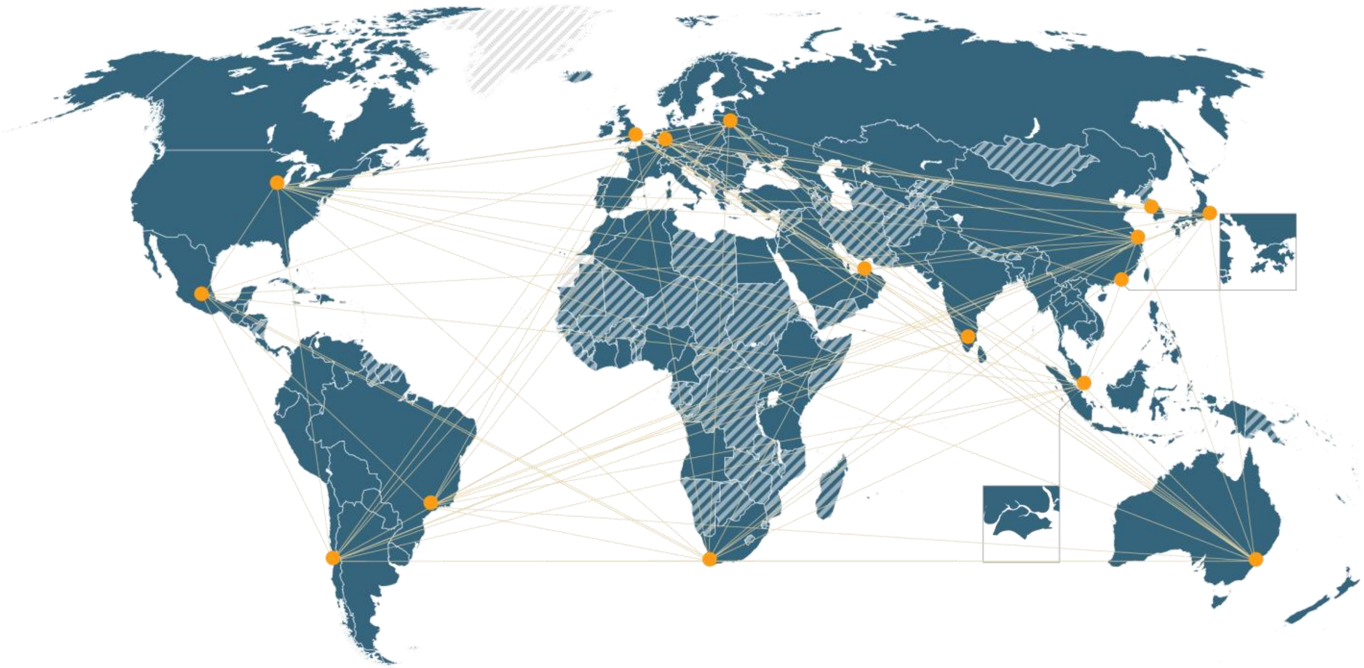

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About the speaker

Nik Allen

Global Insights Manager – Consumer Foodservice

Nik is the Global Insight Manager for Euromonitor's Consumer Foodservice system, providing guidance and narrative on global, local, and cross-industry teams as they relate to restaurants, bars, and cafes as well as food and beverage trends overall. In addition to sharing actionable insights within the foodservice landscape, he is interested in best practices in industry outreach, activating total portfolio for existing clients, and identifying product opportunities for potential commercial successes.

Nik comes to Euromonitor with years of experience in the foodservice and alcoholic drinks industries, focused on production, innovation and strategy. He translates his expertise in supplier, producer, and consumer trends in the beer industry to FMCG spaces overall.

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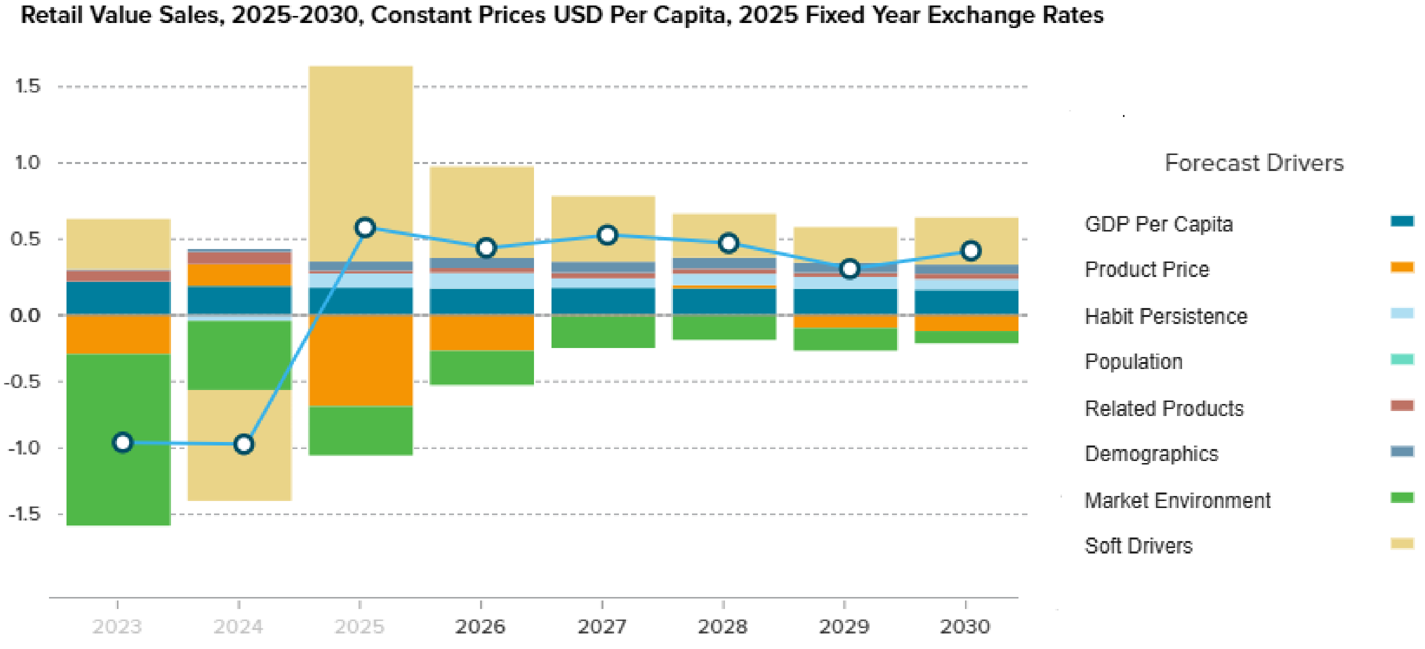
Contents

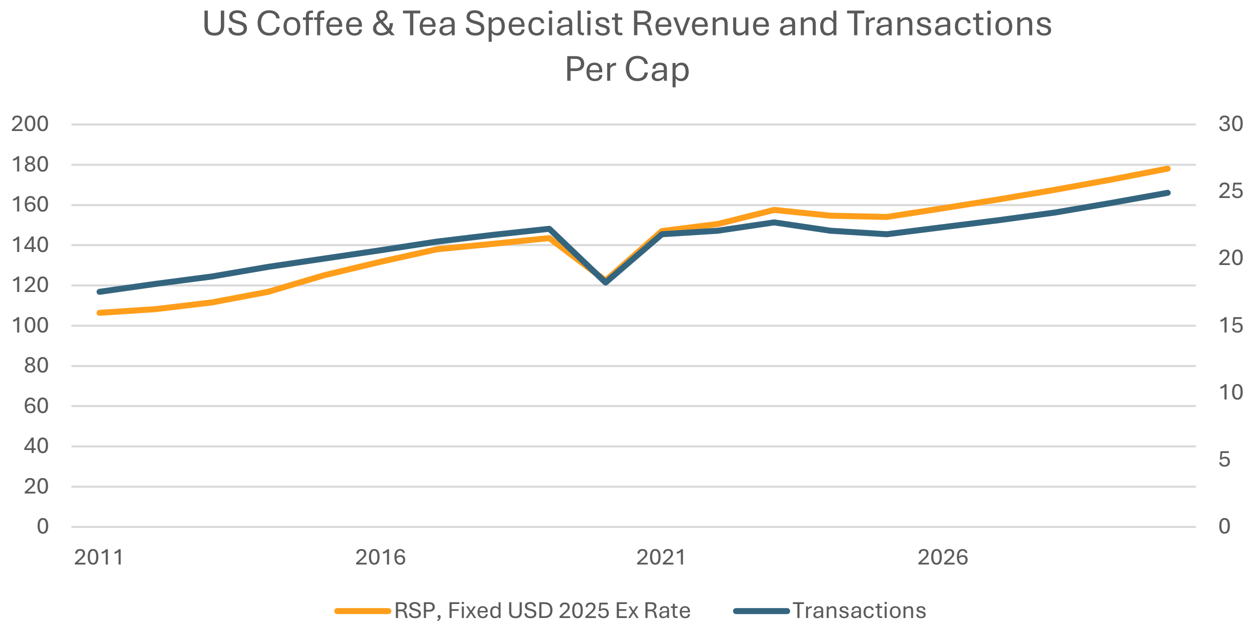
Setting the Scene

At-home coffee spending is outpacing inflation



Source: EMI Hot Drinks

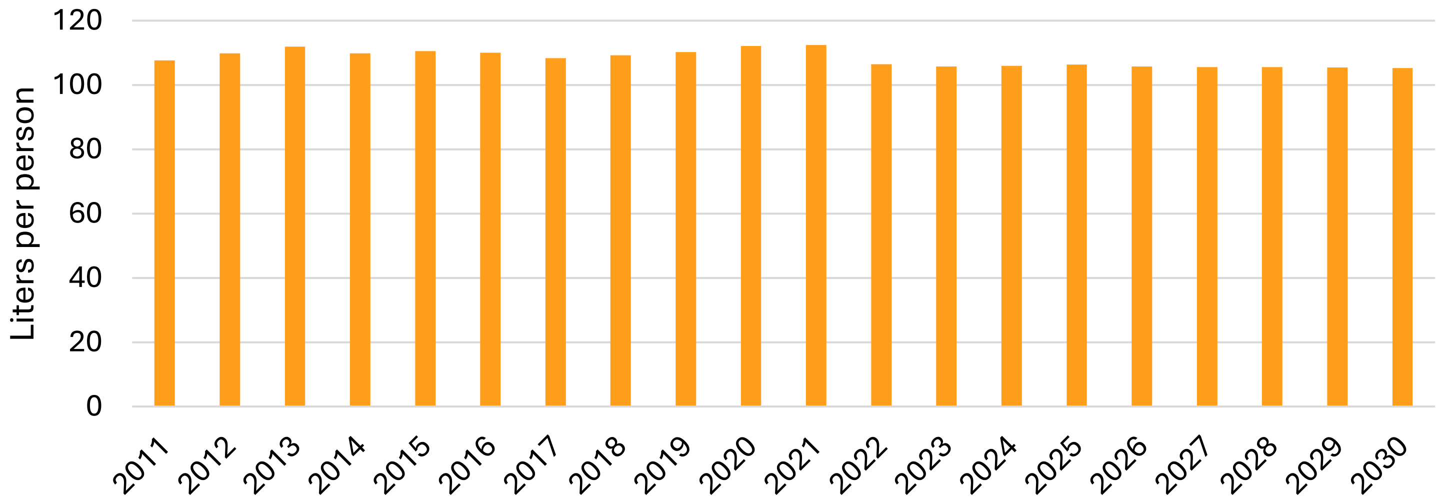
A similar optimism can be seen in away-from-home coffee



Source: EMI Consumer Foodservice

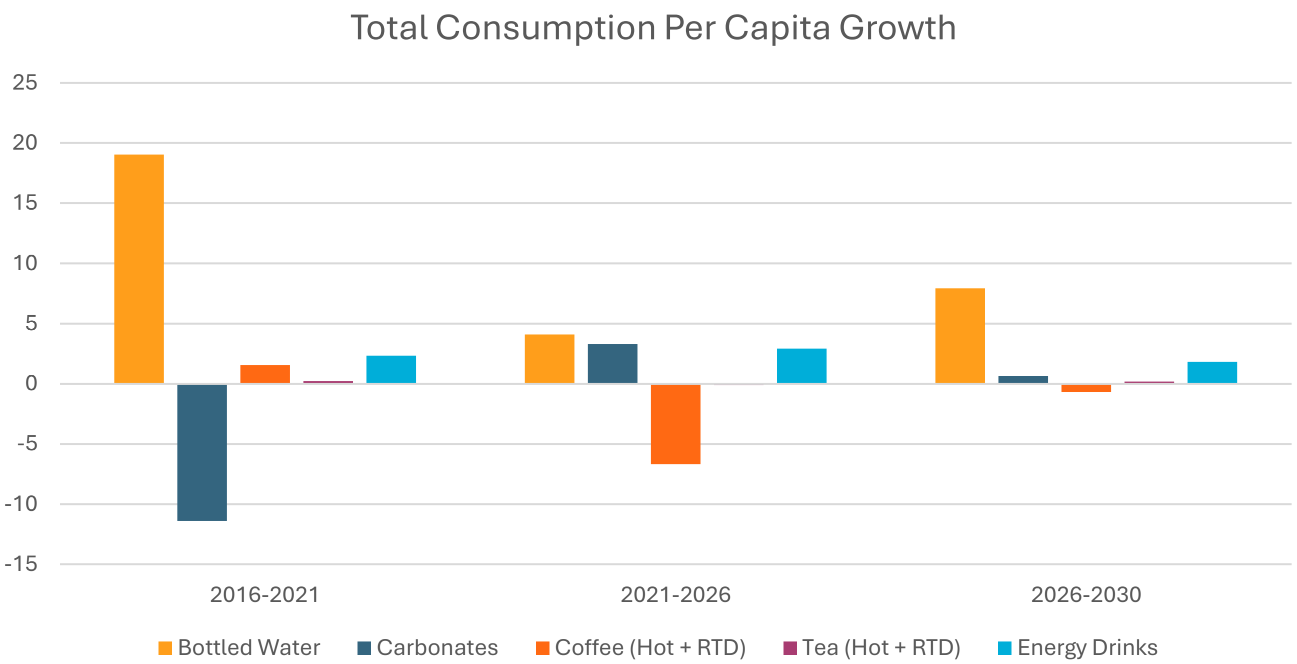
But consumption has largely stagnated...

Per capita brewed volume of coffee in the US 2011-2030



Source: EMI Hot Drinks research

…and only water and energy drinks are showing sustained growth



Source: EMI Non-alcoholic drinks research

Premiumization remains critical for coffee, but what defines premium will be fluid

Top Coffee Trends

Brewing prices: How coffee prices are changing the market

Social media platforms drive discovery and influence Gen Z preferences

Functionality beats sustainability

In home: The new social hub for hot drinks

Chinese coffee and tea shops expand beyond their domestic turf

The Emerging Beverage Landscape

Cold Coffee (and Tea)

Functions and Need States

Disruptive Ingredients & Formats

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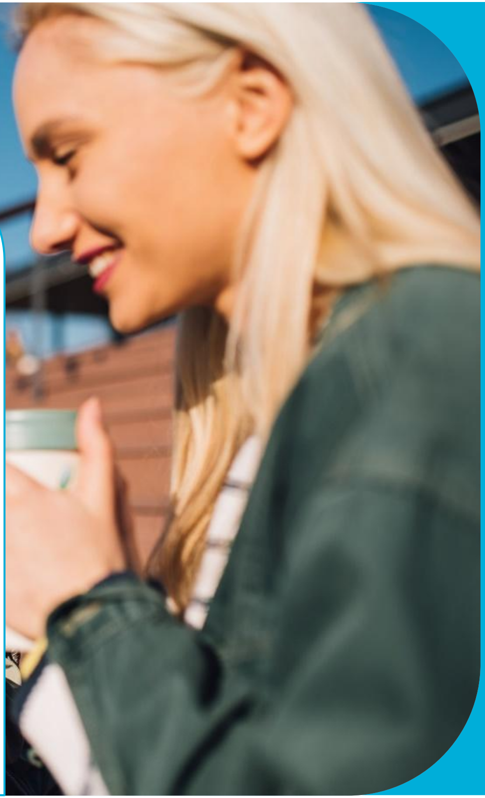
Navigating product preferences of Gen Z consumers: Growth opportunities



Why is this important?

Gen Z consumers are sophisticated and intentional about their coffee, seeking personalised options, reflecting their form of self-expression. They are keen on creating their own coffee flavour, making it "Instagrammable" and posting on social media.

What does it mean?

For brands to win Gen Z consumers, It is important to be agile and innovative in offering customisation options, ranging from non-dairy alternatives and various sweeteners to fruit flavours, as well as convenient formats, like RTD or concentrates. Such offerings serve to appeal to Gen Z's desire to mix and match brews, appealing to their desire for personalised options.

Rise of wellness in a can (or bottle)

34%

Of global soft drinks since 2014 in absolute terms comes from categories that can be broadly defined as “functional”

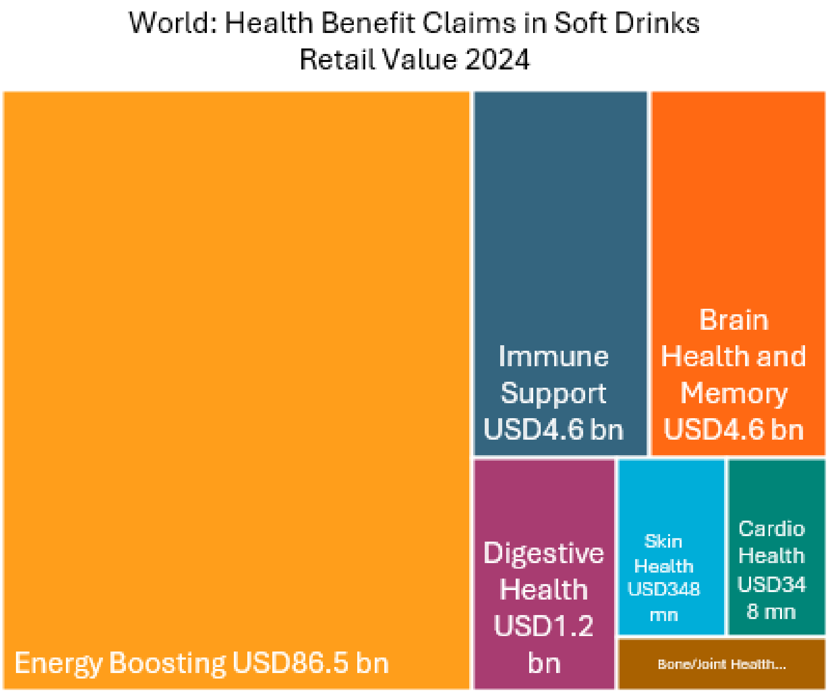
38%

Of global consumers plan to increase spending on health and wellness in the next 12 months

35%

Of global consumers trust social media influencers as a source of health information

One of the most visible shifts has been the rise of digestive health as a frontline functional benefit



Source: Euromonitor International, Health and Wellness (2025ed) Note: Treemap represents square root–scaled values for visual ease.

Format and functionality are still shaped by the US

Consumers want natural health in a convenient, flavourful, daily format

Lack of claim credibility risks backlash

What is the real driver of functional beverage growth?

(…) Usually gut health beverages don't necessarily taste good, at least to most people. But Poppi's claim to fame, or at least so they will have [you] believe, is that they make these things taste good.

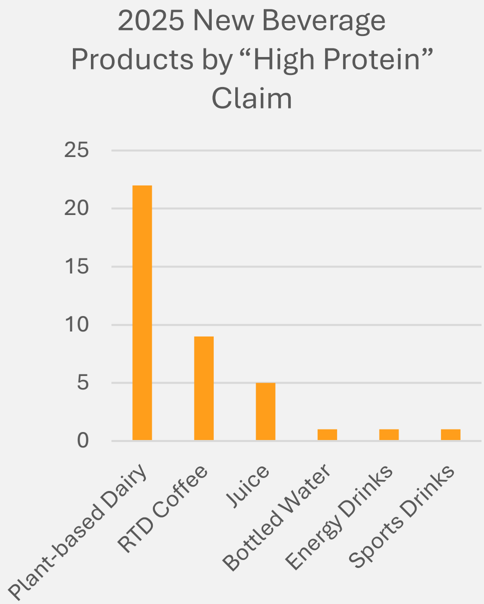
(…)

An average consumer typically doesn't really know the health benefit of a functional beverage beyond what they've read and heard, not necessarily from a technical arena, but just from word of mouth or what their friends and family tell them, and that sort of thing.

Former Chief Innovation Officer, The Coca-Cola Company
August 2024 Interview; AlphaSense Expert Insights
"Former Chief Innovation Officer at Coca-Cola Co Sees Growth in Functional Soda and M&A Trends in Beverage Industry"

Source: Poppi.com

Starbucks: Innovation starts away-from-home



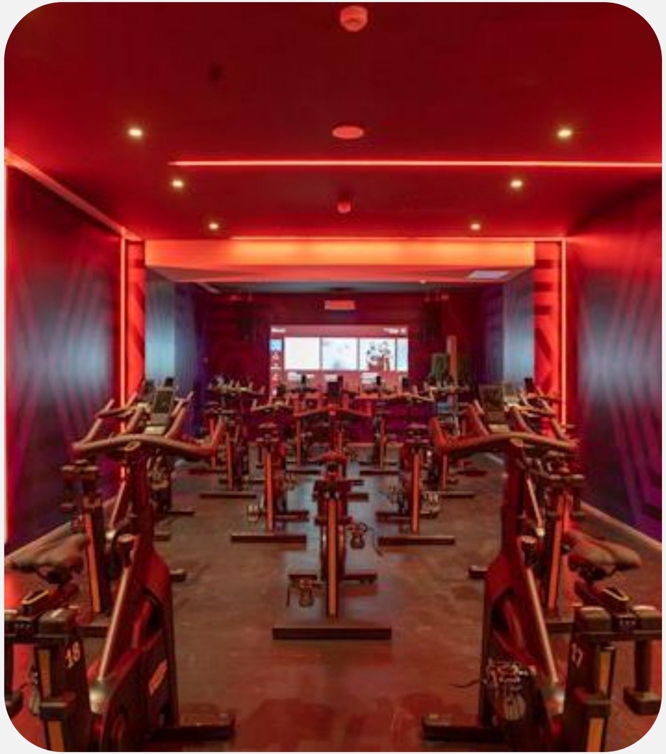
Source: EMI Innovation System

How can beverage brands capitalize on self-optimisation culture?

Probably the most important changes in habits we see is that post-COVID, there's a much, much greater awareness, increased knowledge about health, about personal wellbeing and fitness. (...) Exercise is certainly part of that, but [consumers] start looking at things like nutrition, sleep, mental wellness as well.

All of this is driving what we call the wellness economy, and we've seen significant growth and strong growth in the wellness economy as consumers allocate a much higher proportion of their disposable income to wellness.

Dean Kowarski, CEO - Brain plc (operator of Virgin Active health clubs and gyms)
12 November 2024, H1 2025 Earnings Call



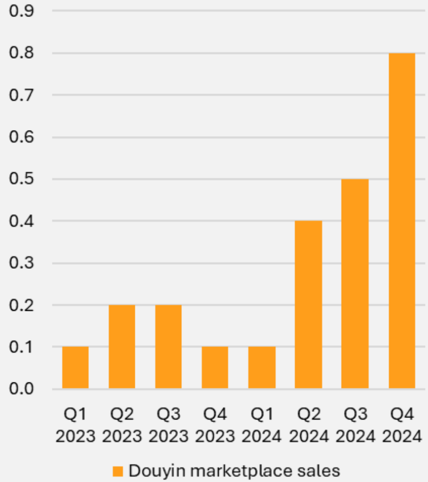
Source: Virgin Active

Fiboo:

Capitalizing on convenience and gut health trends

Quarterly Sales of Fiboo in China 2023-2024

USD million



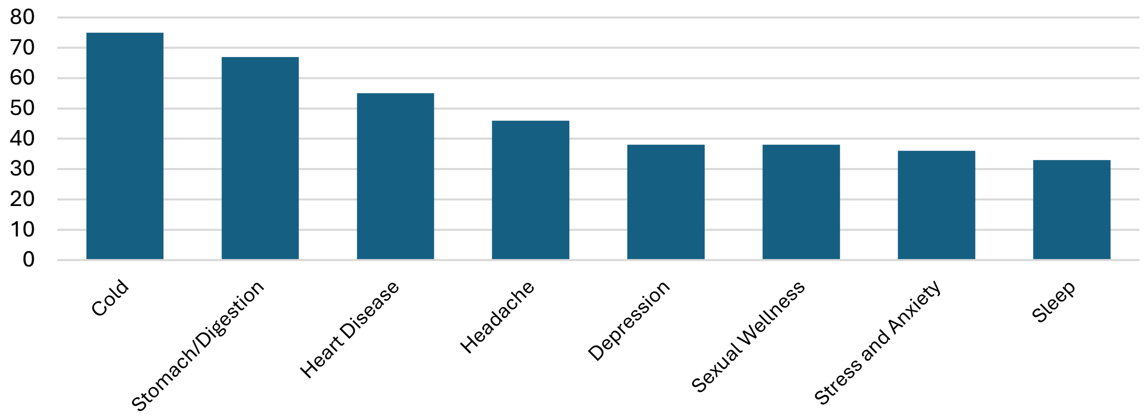
Source: Euromonitor International E-commerce system

Transgressive wellness makes the future of function a moving target

Spurred by macro uncertainty and the cross-pollination of clinical, illicit and wellbeing trends, transgressive wellness is prompting consumers to re-examine their relationships with emerging and taboo substances, disrupting existing consumption routines across FMCGs and rebalancing the USD3 trillion wellness industry.

Satisfied with current treatment approach 2025

% respondents, global

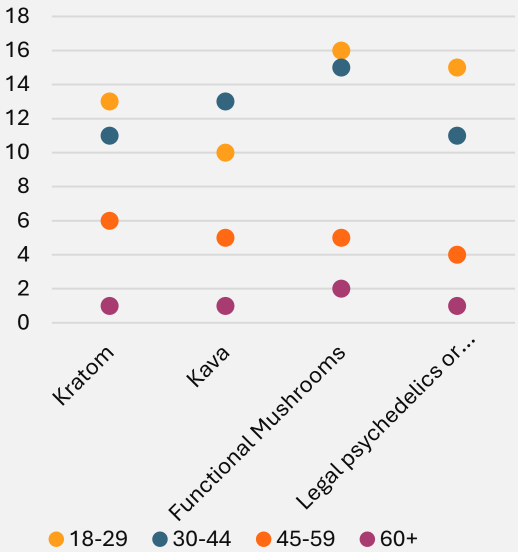


Source: Voice of the Consumer Health and Nutrition and Lifestyles Surveys 2025, n = 14,779 and n = 40,337

Psilly Goose:

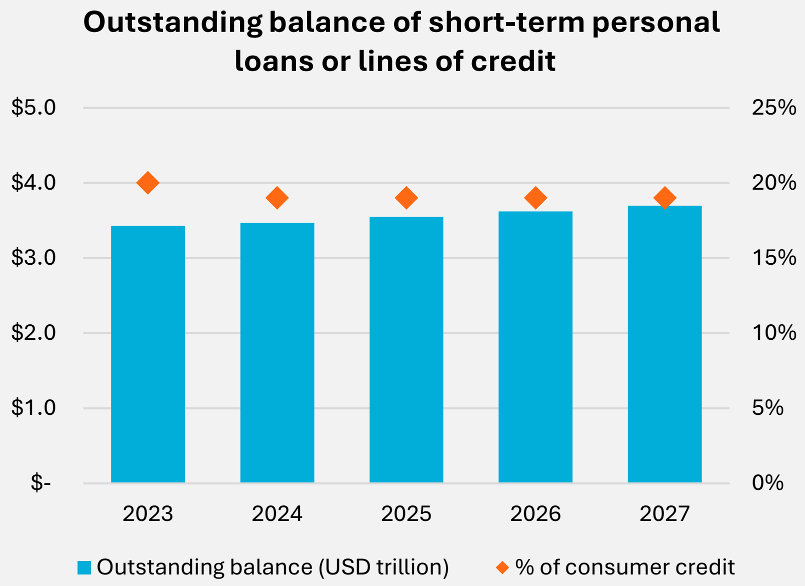
Transgressive Wellness and the Impact on FMCG

Past Year Usage by Age Group, Selected Actives US 2025
% of respondents



The Evolving US Consumer

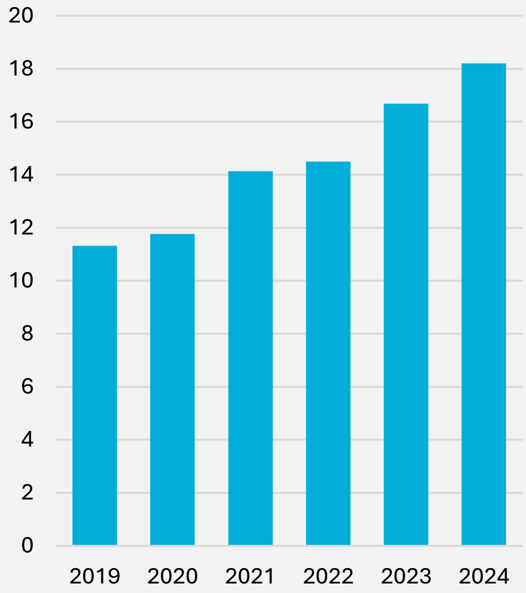
Consumers are **trading trends for true authenticity**



Source: Euromonitor International, Passport Payments and Lending

Red Bull: Unlock growth with hyper-segmentation grounded in real-time insights

Red Bull Retail Value 2019-2024
USD billion



Source: Euromonitor Soft Drinks, 2025 edition. Image Source: RedBull.com

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Tactics for 2026

Translate authenticity into action with transparent

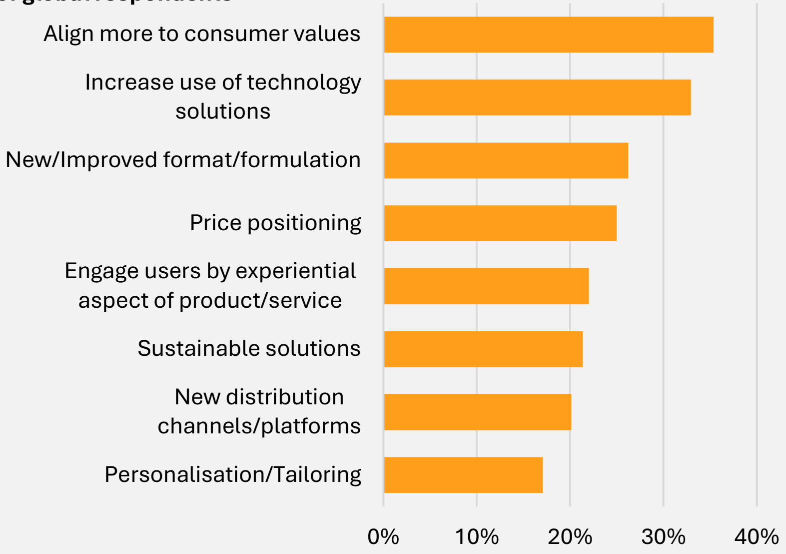
Develop hyper-personalized solutions

Build partnerships and collaborate with loyal customers

Consumable Wellness is driving the bulk of innovation

What innovation plans does your company have relating to NPD in the next 1-2 years?

% of global respondents



Source: Euromonitor International, Voice of the Consumer: Health and Nutrition Survey, fielded February 2025 (n=21,207)

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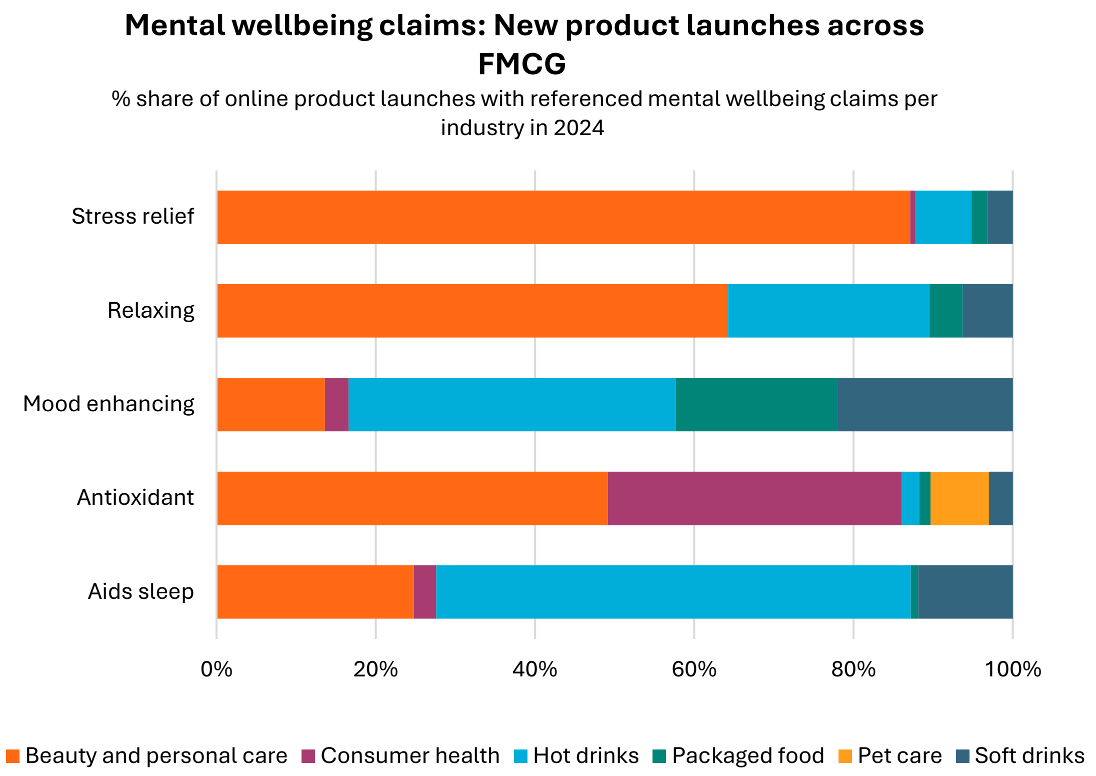
Companies can **help consumers create a sense of stability** to support wellbeing

Innovate to deliver emotional clarity, practical comfort and everyday resilience—through sensory design, wholesome solutions, functional benefits, flexible models and intuitive technology that empower consumers to feel calm, capable and in control.



Source: Euromonitor International Passport Innovation

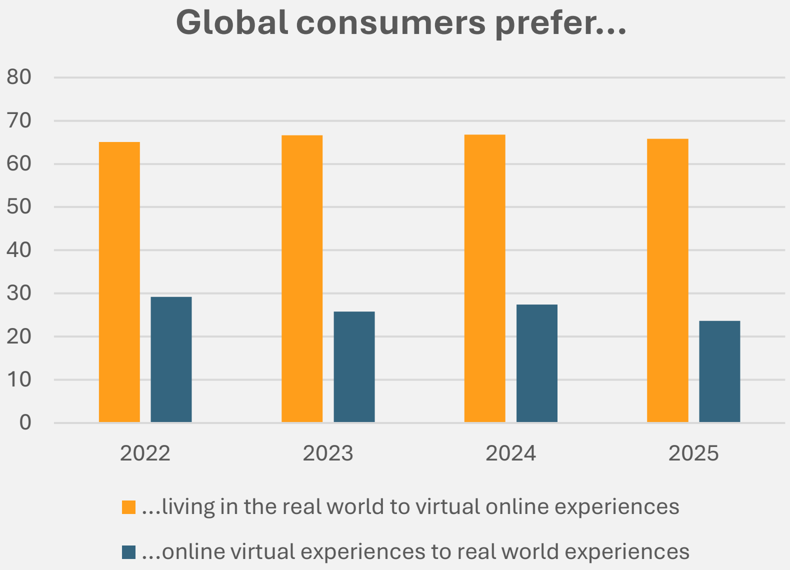
Tactics for 2026

Simplify life and promote balance

Focus on ease of use

Offer practical solutions with a clear purpose

Experience will increasingly become a path to premiumization



Source: Euromonitor International, Voice of the Consumer: Health and Nutrition Survey, fielded February 2025 (n=21,207)

The rise of **outcome-focused consumer behaviour** is disrupting product design and marketing

“Need States” reflect a less ephemeral moment of consumption and an appeal to identity, mindset, and medium-to-long term goals. What we are now seeing is a reconfiguration of how brands justify themselves in the broader competitive landscape. Build the experiential on top of the consumable is the next phase.

Tactics for 2026

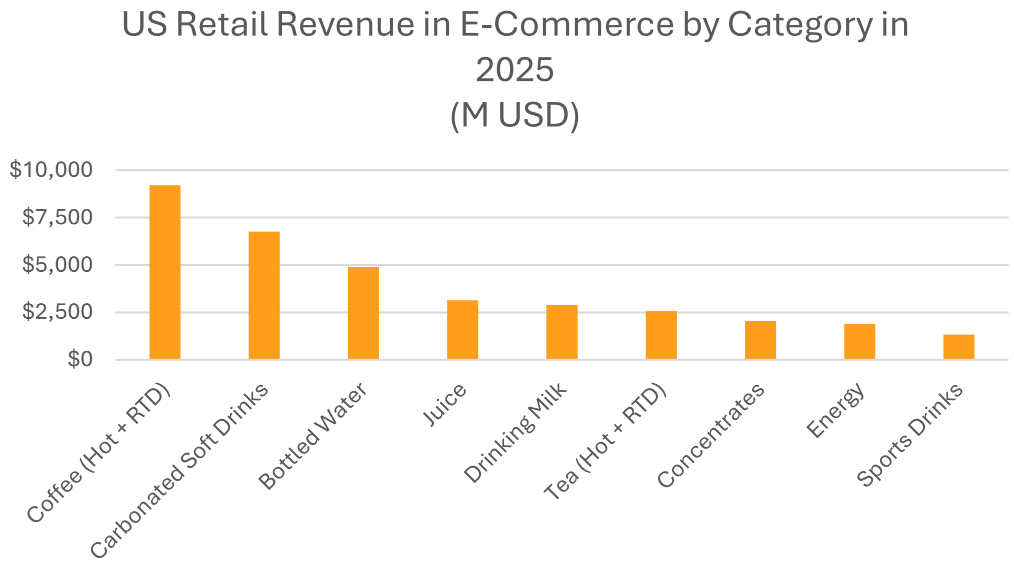
A holistic view of value and experience is critical

Serve magic amid uncertainty

Removing ambiguity fosters relaxation and focus

The Digital Coffee Market

Coffee is the largest beverage category by revenue in US e-commerce sales

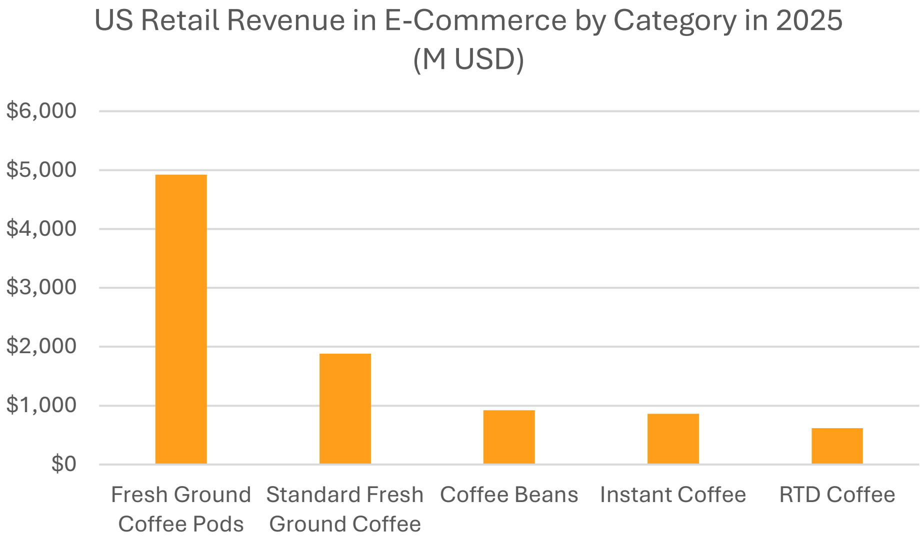


Source: EMI E-Commerce

$9.2 billion

Retail sales of roast, ground, instant, & RTD coffee through e-commerce in the US in 2025

Pods & direct-to-consumer are the dominant force in the category

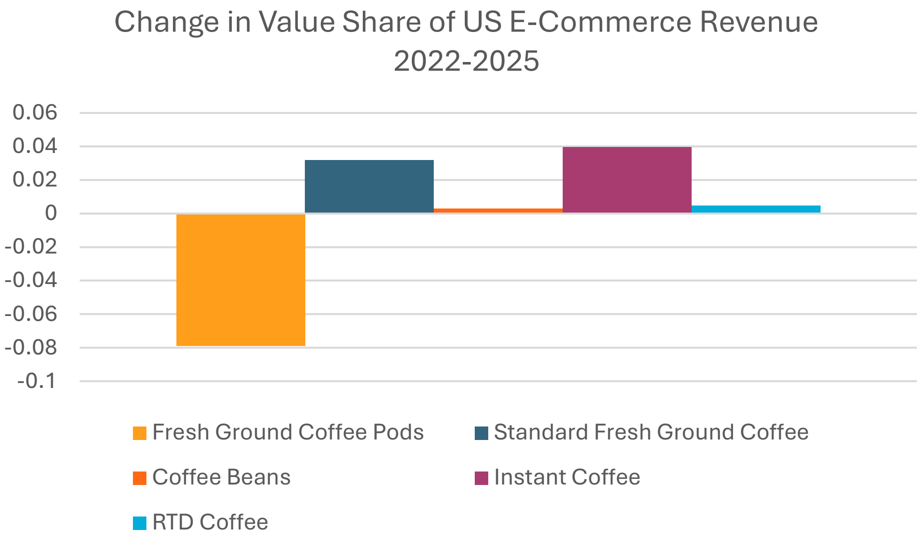


>40%

Share of Retail Coffee value sales (excluding RTD) through e-commerce

Source: EMI E-Commerce

E-commerce is increasingly relevant for coffee sales, but format preferences are shifting

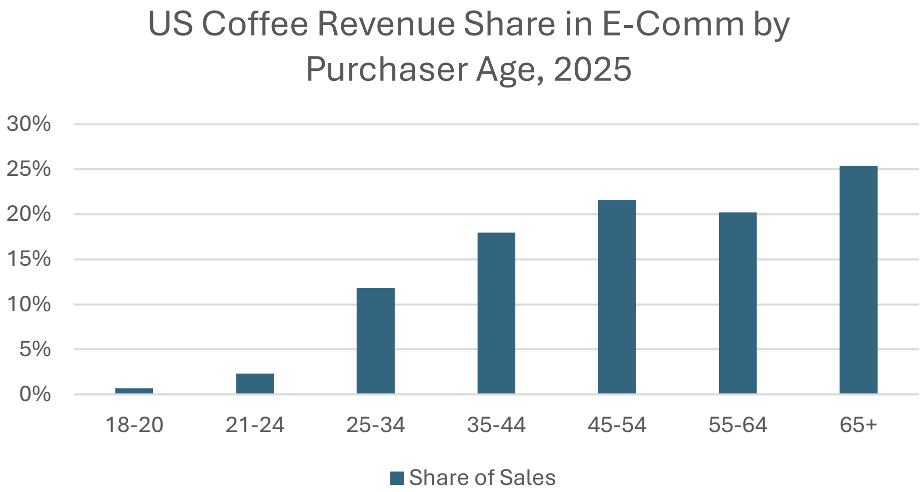


$3.7 billion

Growth of roast, ground, instant, & RTD coffee through e-commerce in the US from 2022-2025

Source: EMI E-Commerce

Total online coffee sales, including RTDs, are largely in 35+ demo

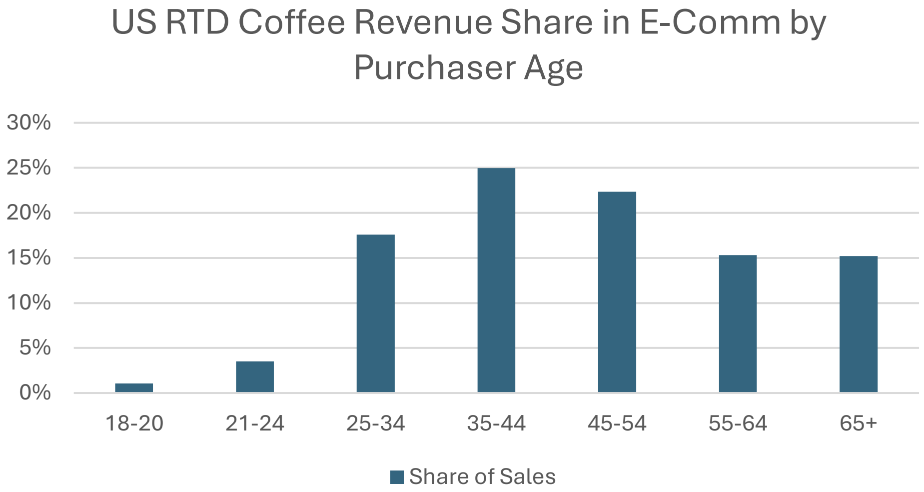


85%

Share of US e-commerce coffee revenue by consumers age 35+

Source: EMI E-Commerce

To no surprise, The demographic mix shifts younger for RTD coffee

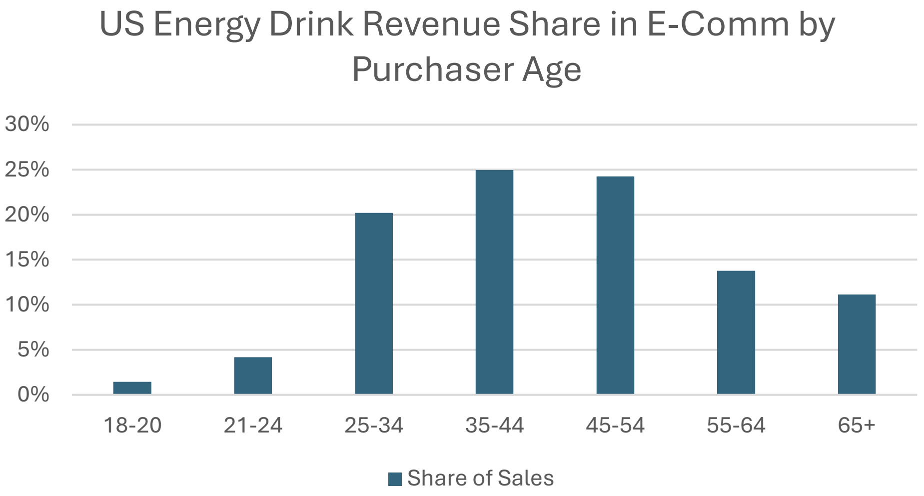


10%

Share of US RTD coffee revenue through e-commerce

Source: EMI E-Commerce

Energy & RTD Coffee e-comm channel share both under-index total coffee



8%

Share of US energy drink revenue through e-commerce

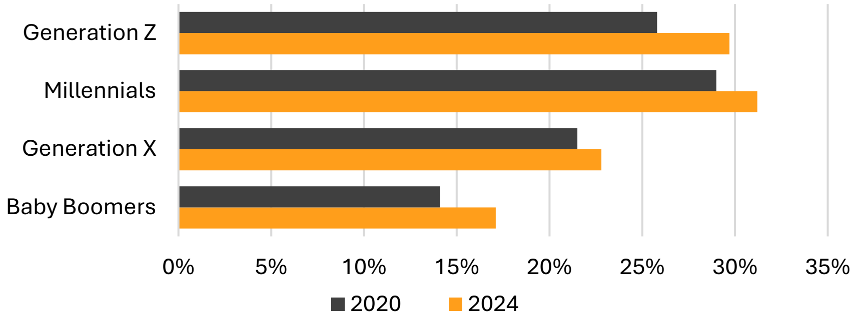
Source: EMI E-Commerce

With twice as many connected consumers in the world as compared with about a decade ago and online spend for goods and services growing by 200% over that period, it is critical for companies to develop strategies to attract and retain these digital shoppers.

Consumers increasingly view social media platforms as places to shop

Share of Digital Consumers Who Report Making a Purchase Via Social Media Platform by Generation 2020/2024

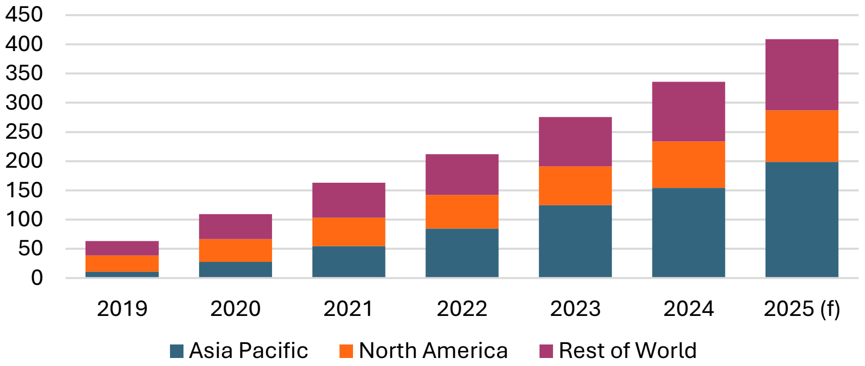
% share of internet-connected consumers



Source: Euromonitor Voice of the Consumer: Lifestyles Survey, fielded January to February 2020, 2024

Global S-Commerce Sales 2019-2025

USD billion (RSP incl VAT, constant prices, fixed 2024 ex rate)



Source: Euromonitor Passport: Digital Shopper, 2025 edition

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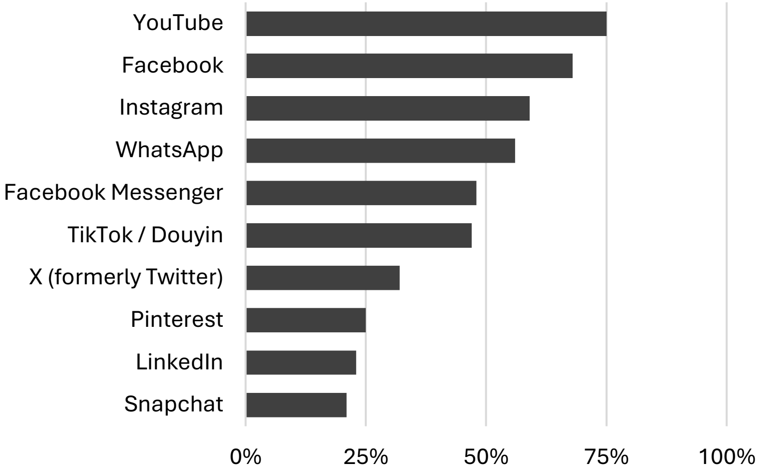
Social media platforms are making their sites more shoppable

The most basic way to do this has been for social media platforms to introduce direct purchasing capabilities, allowing users to buy products directly within the platforms.

Most Popular Social Media Platforms Globally 2024

% share of internet-connected consumers that report using platform in the previous month

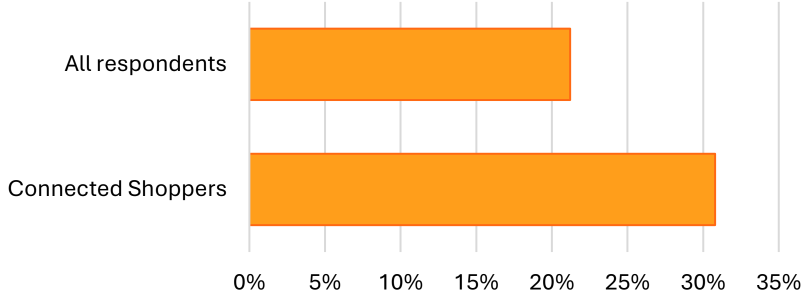


Source: Euromonitor Voice of the Consumer: Digital Shopper Survey, fielded March to April 2024

Consumer expectations of greater personalization becoming more feasible with GenAI

“I am looking for personalised and tailored shopping experiences”, 2024

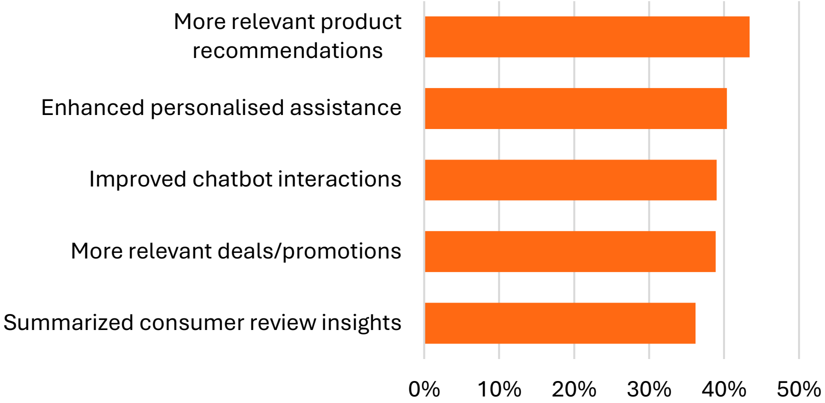
% of internet-connected consumers



Note: “Connected Shoppers” refers to a segmentation that isolates consumers that most actively participate in a variety of digitally driven activities.

Source: Voice of the Consumer: Lifestyles Survey, fielded January to February 2024

Advantages of Shopping with Gen AI 2024



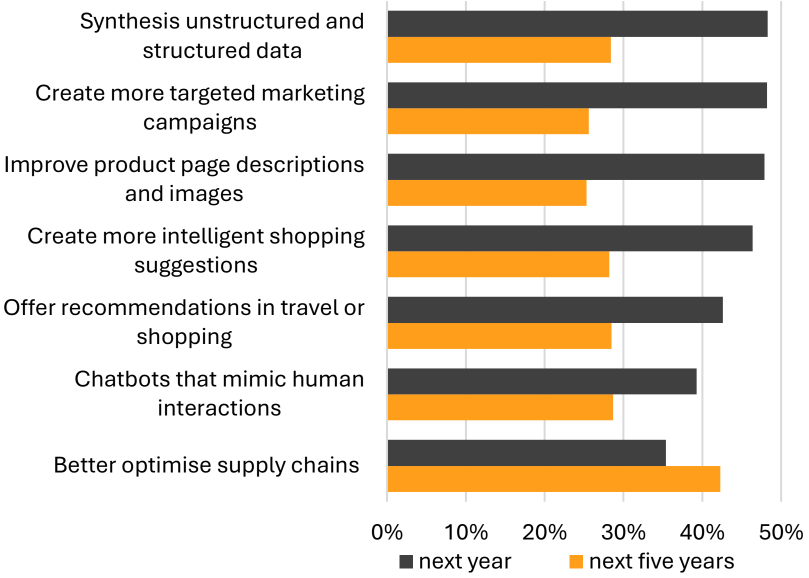
Source: Voice of the Consumer: Digital Shopper Survey, fielded March to April 2024

Retailers and others are investing in agentic agents to deliver personalisation

Given the ability of AI agents to independently choose the best actions to achieve goals set by humans, this next stage of development is likely to be transformative

Impact of Generative AI Next Year/Next Five Years 2024

Share of industry professionals



Source: Voice of the Industry Survey, fielded September 2024

Conclusions

Because of limited volume potential in the US, premiumization is the long-view for many coffee players in the US.

Functional ingredients are highly valuable attributes in beverages but are very susceptible to market saturation, substitution behavior, and shifting wellness priorities. Outcome-oriented product positioning hedges against this.

Away-from-home occasions are still finding their footing post-pandemic. In-person experiences are a core path to premiumization, and coffee's cultural relevance and cross-generational resilience give it momentum to be a part of the third-place rebirth.

Digitally native consumers are growing in spending power and still keen to pay for convenience. An omnichannel strategy is only a starting point as e-commerce becomes as fragmented as brick-and-mortar retail channels.

Thank you!

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