APRIL 2024

This report explores overarching trends within the ever-changing retail coffee market. By leveraging this information, operators can offer popular beverage formats and flavors, innovate alongside coffee brands, and embrace forward-thinking marketing strategies.

TREND REPORT

RETAIL COFFEE

Methodology and Objectives

Methodology

This report consists of secondary research around retail coffee trends most relevant to Compass partners. When building this report, E15:

- Primarily identified trends via industry-leading data sources like Mintel and Datassential
- Supplemented with reputable journalism sources like *Forbes* and *Beverage Daily*
- Focused on retail trends specific to the U.S. (i.e., coffee beverages sold to consumers via retail channels like marketplaces, grocery stores, etc.)
- Considered all industries and sectors across Compass USA

Objectives

This report aims to uncover retail-specific coffee preferences across generations and to inspire foodservice operators with real-world examples. By better understanding coffee trends, operators can:

- Update retail coffee menus to align with consumer preferences
- Understand current coffee marketing strategies to engage consumers
- Recognize generational coffee trends to better cater to inter-generational audiences

EXECUTIVE SUMMARY

Key Retail Coffee Trends

1

Affordable coffee

While the retail coffee market has seen consistent growth in prior years, the market is finally stabilizing to pre-COVID-19 levels. Consumers facing a possible recession and high food prices are prioritizing cost-effective coffee offerings, such as ready-to-drink (RTD) options, instant coffee, and replicating popular drinks in the comfort of their homes.

2

Home experimentation

At-home coffee consumption is at an all-time high, as consumers combat premium costs by crafting their own specialty beverages. This new behavior can also be attributed to social media platforms like TikTok opening consumers' eyes to different ways to get their daily caffeine fix.

3

Fun branding

In prior years, the coffee industry has focused on high-end, sleek, and minimalist cafés. Now the market has pivoted towards bright, maximalist marketing. Consumers list affordable and fun as their top two coffee brand descriptors, and coffee brands have responded with bold, approachable designs. Brands with personal identities are also popular, such as celebrity brands like Chamberlain Coffee (by influencer Emma Chamberlain).

4

Social media

Social media is a key driver of coffee trends, especially for younger generations. TikTok and Pinterest have seen major growth in views and searches for coffee drinks, especially around making specialty drinks at home, basic coffee education, and coffee bar design. Short form video content continues to gain traction and influence the greater coffee culture.

Key Retail Coffee Trends

5
Sustainability

Sustainability remains important to coffee consumers, with many willing to pay more for sustainable coffee products. Coffee brands are moving beyond simple sustainability claims, such as boasting organic beans, and moving towards groundbreaking sustainability initiatives, like importing coffee beans via sailing freights.

6
Flavor forward

Flavor matters to consumers. Almost three-fourths (74%) of consumers prefer adding flavor to their coffee, primarily in the form of liquid coffee creamer and flavored roasts. The highly competitive creamer market is responding by rolling out attention-grabbing flavors, engaging in brand partnerships with TV and movies, and experimenting with new products like at-home cold foam.

7
RTD and Instant

RTD beverages are on the rise and instant coffee is seeing a slight resurgence. Both formats are experiencing rapid innovation, with RTD drinks leaning into flavorful cold drinks, alternative milks, and health-boosting options. Meanwhile, instant coffee is seeing higher-quality products from independent coffee shops, the introduction of new formats, and functional claims.

8
Generational preferences

Coffee preferences differ slightly amongst generations. Younger generations are consuming cold beverages and seeking out new, exciting drinks. Teens are also entering the coffee market sooner than ever. Meanwhile, millennial and Gen X consumers are drawn to functional drinks and boozy-inspired roasts.

MARKET CONTEXT

The coffee industry is normalizing

Despite economic disruptions from the COVID-19 pandemic, 40-year food pricing highs, and consumer fear of an impending recession, the retail coffee market has experienced continued growth in recent years. However, this progress is finally starting to slow down, gradually stabilizing to pre-pandemic years. In response to fears around an ever-changing market, consumers are turning towards affordable coffee options, with 19% purchasing less expensive coffee to save money. Consumers have also started making their favorite brew at home, replicating popular TikTok-inspired beverages while minimizing cost. Even with market normalization, coffee products are still projected to grow in incremental servings faster in the next five years than any other non-alcoholic beverage type, opening the retail coffee market to innovative and unique goods.

With teens entering the coffee market and Gen Z holding more purchasing power, younger consumers are beginning to influence and drive coffee trends. Cold coffee, flavored brews, and maximalist coffee branding are all on the menu, as well as an ongoing focus on sustainability.

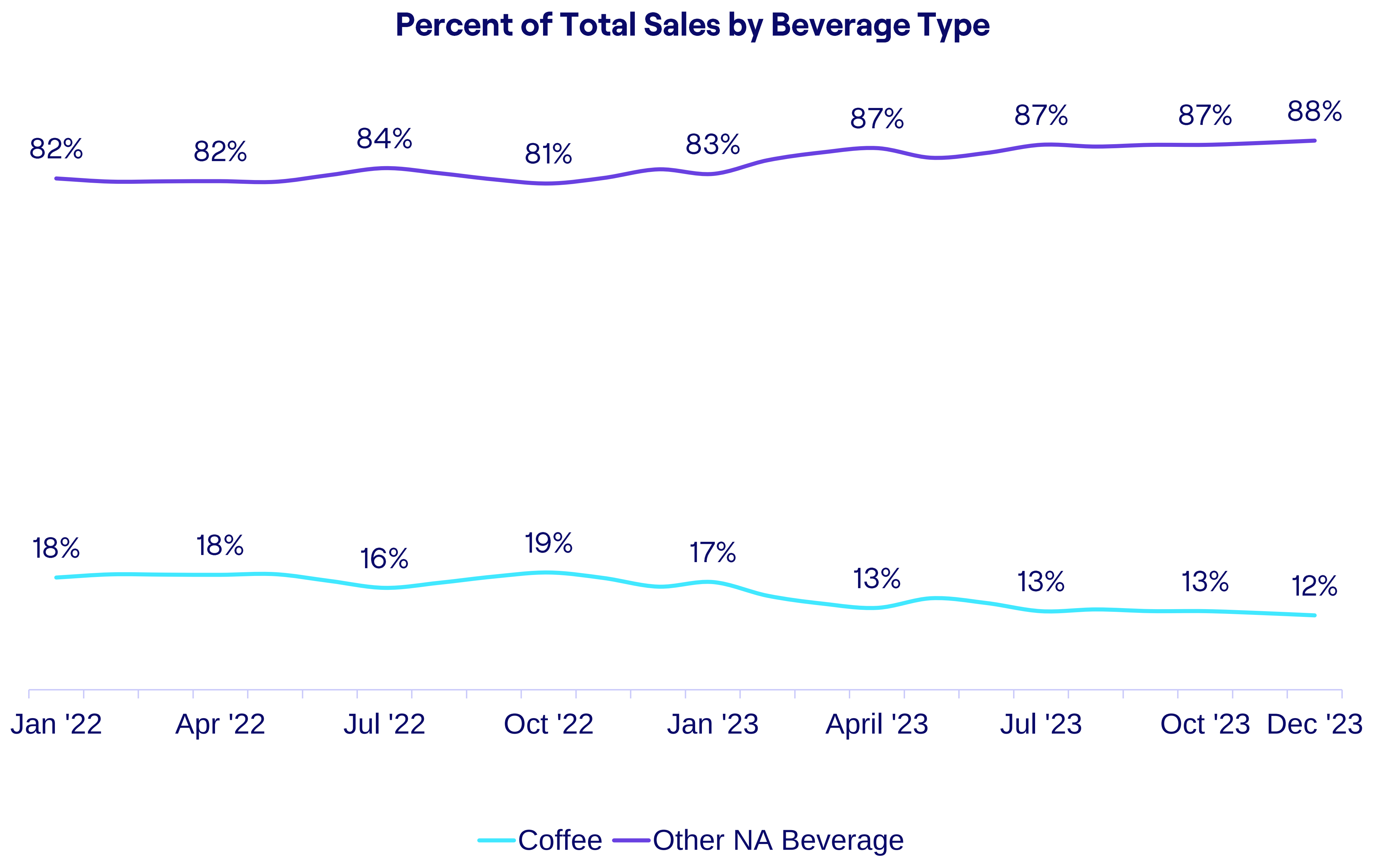
Source: Mintel US Coffee and RTD Coffee 2023, Forbes 2024

Point-of-sale data points to a slight decline in café and retail coffee purchases

E15 analyzed point-of-sale data from 87 Compass accounts across a wide variety of industries, including healthcare, higher education, and B&I, to understand overarching coffee sales trends. Of all non-alcohol beverages sold, made-to-order and retail coffee drinks decreased from 18% in 2022 to 14% to 2023, indicating that coffee is being purchased less frequently than the prior year. In February 2023, coffee sales (items sold as percent of all beverages) began to decline.

When looking at specific beverages, brewed coffee has seen the biggest decline (-6 percentage points) while lattes have increased (+3 percentage points). This could point to consumers making basic coffee drinks at home, while still seeking out more specialty offerings like espresso-based drinks away from home.

*Data includes café POS sales of non-alcoholic beverages including made-to-order and retail coffee
Source: Compass POS Data 2023



Consumers seek out affordable coffee, rather than reduce consumption

One in five coffee drinkers* (19%) are purchasing less expensive coffee to save money. Instead of cutting down on coffee habits, consumers are carefully considering ways to increase value. Some are looking towards private label or mid-tier coffee brands, while others save money by crafting coffee beverages at home.

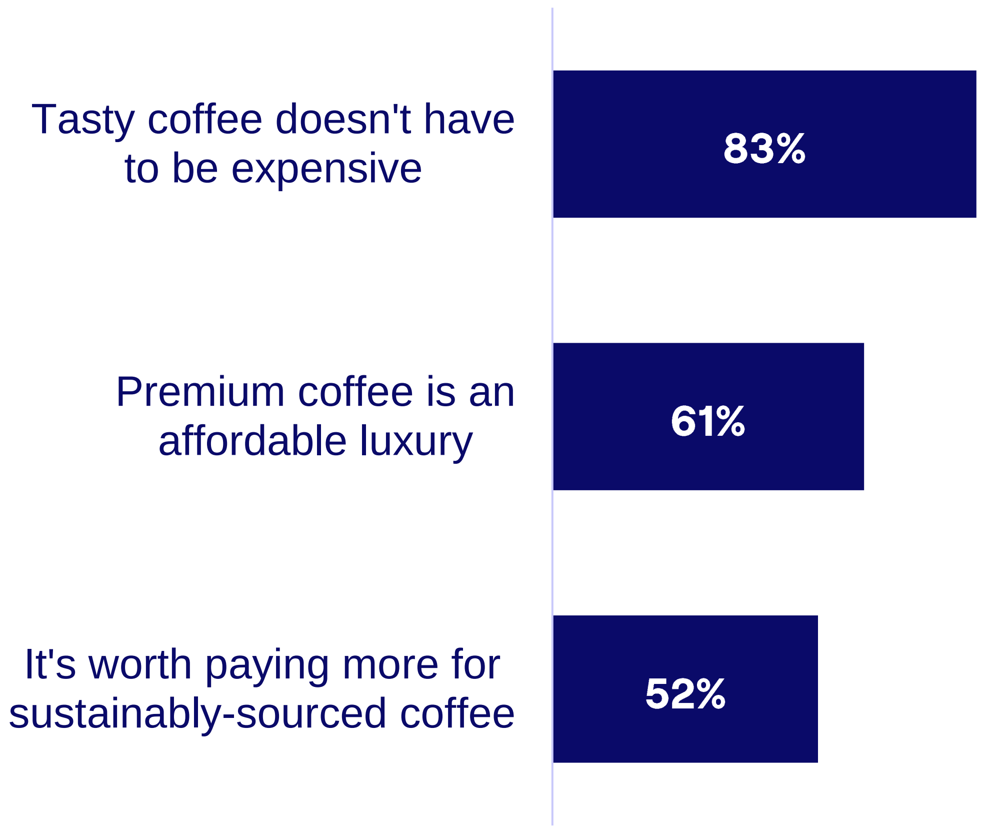
Despite widespread interest in more affordable coffee, premium coffee also continues to be a growing trend. Most view premium coffee as a luxury good and 16% treat themselves to expensive coffee more frequently. To capture all audiences, work towards offering both affordable and higher-cost specialty items.

Coffee Behavior Changes*

Compared to the prior year

Coffee Attitudes*

Percent that agree or strongly agree



*Among internet users aged 18+ who consumed any at home coffee beverage in the past three months
Source: Mintel US Coffee and RTD Coffee 2023

MACRO TRENDS

E15

Fourth wave coffee is at home

84% of coffee drinkers have coffee at home daily, up 4% compared to 2020

“Waves of coffee” describes a time in the coffee industry that represent large scale changes. With three waves so far, a fourth is beginning. In this new phase, consumers get their caffeine fix at home, driving in-home coffee consumption to be at an all-time high as of December 2023. The COVID-19 pandemic first sparked at-home coffee experimentation, inspired by the 4.4 billion TikTok “CoffeeTok” videos (i.e., TikTok content for coffee). Consumers are also motivated to make drinks at home to avoid rising food prices at coffee shops. The move to at-home coffee has inspired a range of new equipment and products, from pricy electric grinders to inexpensive instant coffee. Large-scale brands like Keurig and Nespresso continue to grow, and specialty appliance companies expect similar progress, such as coffee equipment company Fellow who raised $30M in funding in 2023.

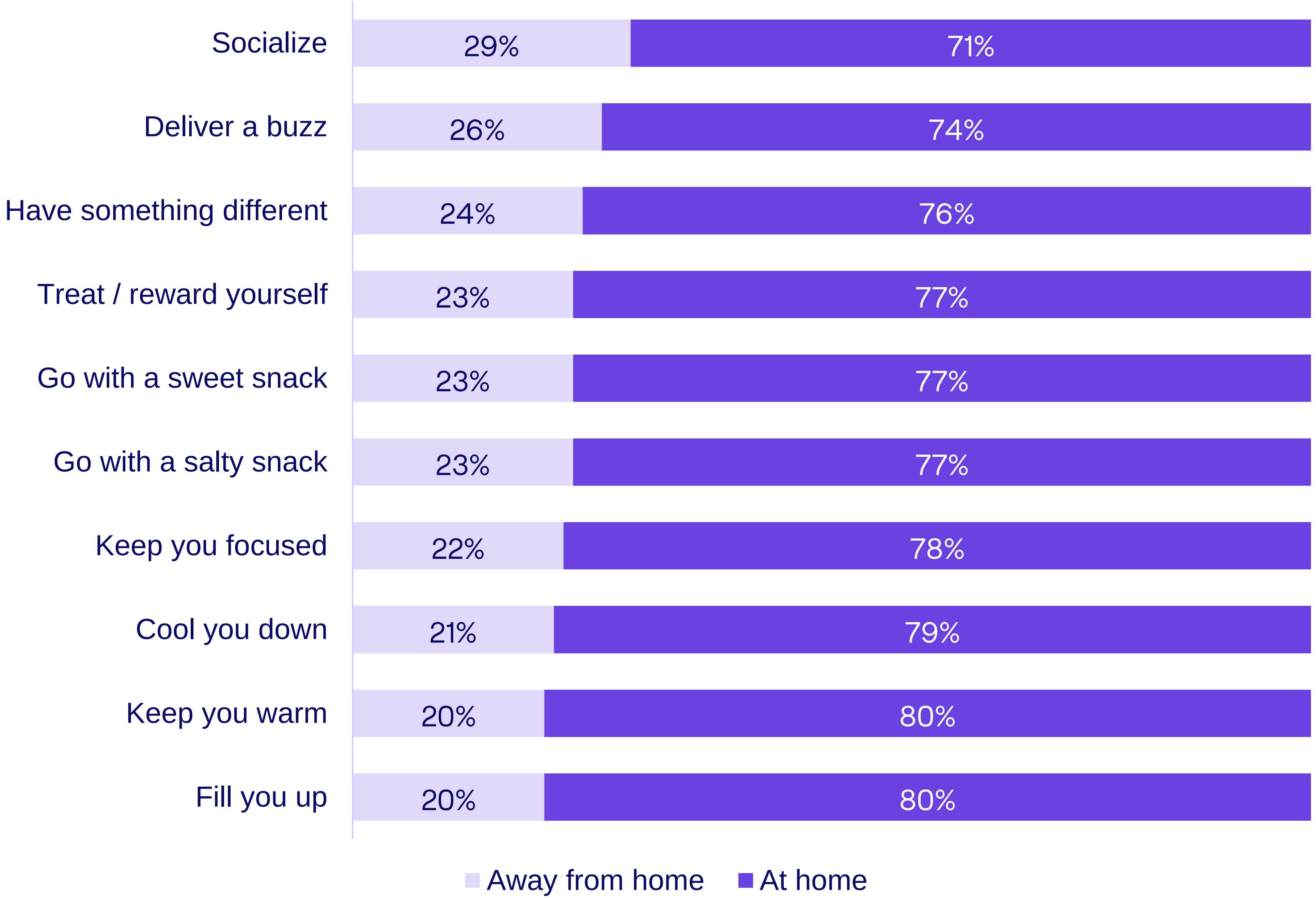
Support this consumer behavior by adding new items to retail menus, such as coffee beans, house made syrups, or TikTok-inspired specialty beverages. Alternatively, improve coffee value perception by introducing or improving loyalty programs and offering more frequent coffee promotions.

Source: Mintel US Coffee and RTD Coffee 2023, Datassential Buzz Q4 2023, The Hustle Co 2024

Socialization is the top driver for away-from-home beverage consumption

While consumers are leaning into making coffee at home, they look to purchase beverages away from home for socialization, energy, and to try something different. Capitalize on this by ensuring coffee shops and cafés offer comfortable spaces for socializing, as well as rotating new fun limited-time caffeinated drinks to encourage sales. Additionally, consider hosting coffee-centered experiences like RTD coffee flights or happy hours.

Top 10 Reasons for Beverage* Consumption



*Not specific to retail coffee, includes any non-alcohol beverage (excludes refills)
Source: Datassential 2023 BUZZ Annual Report

Social media is impacting coffee culture

Consumers are looking to coffee-focused social media to engage and inspire them. Social media companies Pinterest and TikTok have seen major growth in coffee-related searches and views, with Pinterest seeing a 145% spike in searches for "Coffee station décor" from 2021 to 2023. Meanwhile, TikTok has 71.4B+ views on the hashtag "coffee" as of December 2023.

Social media is especially influential to Gen Z, with almost half (49%) of Gen Z learning about coffee through quick-form TikTok videos. Marketing teams should stay informed of social media activity to better replicate trends, and in turn, attract consumers when onsite.

CoffeeTok at a Glance

AT-HOME SPECIALTY DRINKS

CoffeeTok is known for recreating popular specialty drinks and add-ons, such as Starbucks's Brown Sugar Oat Milk Shaken Espresso or crafting the perfect cold foam. Videos are often focused on cold drinks.

COFFEE EDUCATION

Many look to TikTok to learn how to brew coffee, with videos showing consumers the basics, such as how to pull espresso shots, steam milk, or brew coffee.

HOME COFFEE BARS

Consumers are using TikTok as a place to display their home coffee set-ups. Some even create elaborate videos on restocking or setting up their coffee station.

Source: Mintel US Coffee and RTD Coffee 2023, TikTok 2024, The Hustle Co 2024

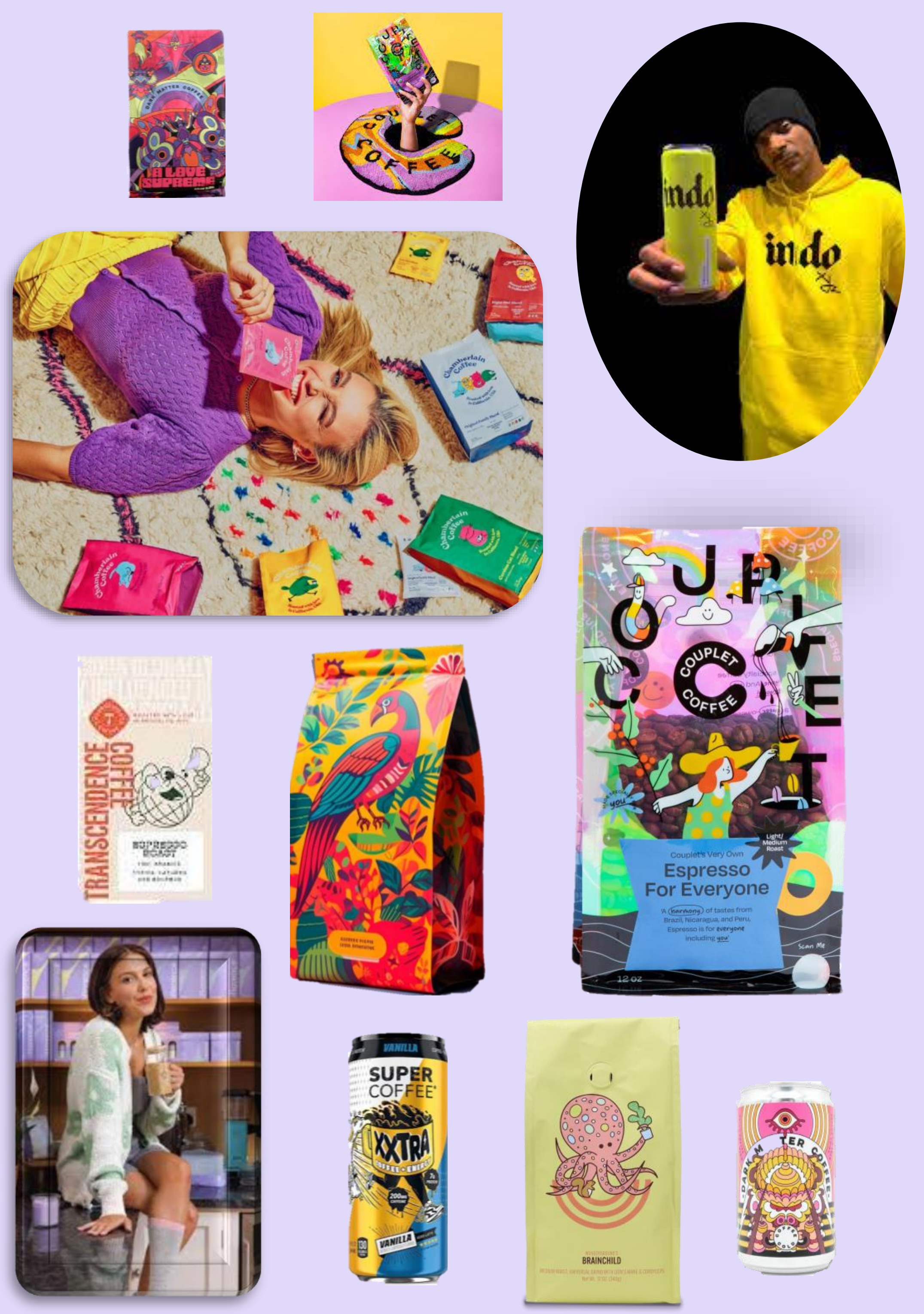
Coffee brands adopt personal, fun branding

Coffee branding is changing, with brands turning away from clean minimalism towards bright, maximalist brands that focus on personal identity. Contemporary coffee companies seek personal connection with consumers, and celebrities have jumped on this trend by launching coffee brands like Chamberlain Coffee (by Emma Chamberlain), Florence by Mills (by Millie Bobby Brown), and Indo XYZ (by Snoop Dogg.

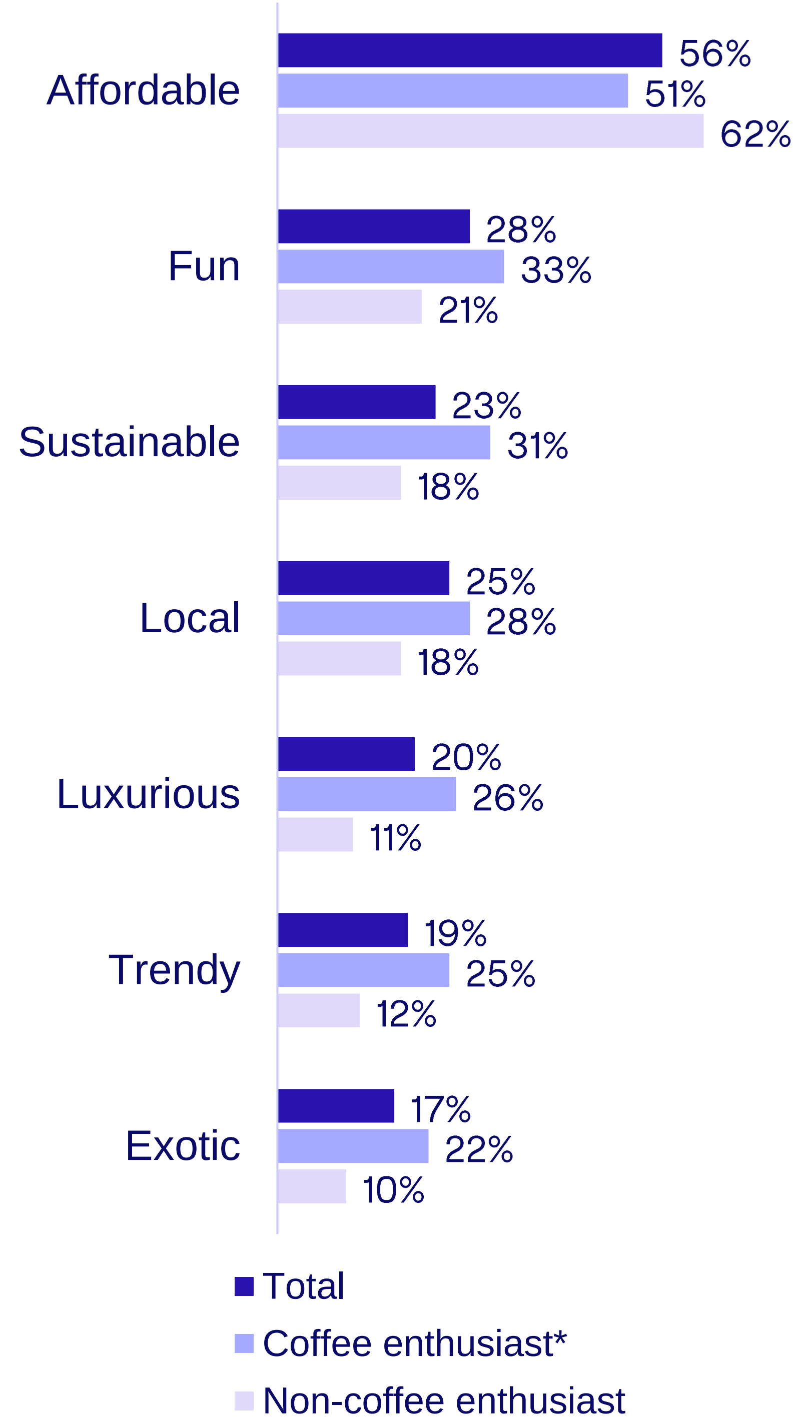
This marketing reads as approachable and accessible to the younger demographic entering the coffee market. Despite age, more than a quarter (28%) of consumers describe their ideal coffee brand as "fun," which can be seen through unique flavors or colorful social media. Strong brand identity also promotes differentiation in a highly competitive industry.

*Survey respondents self-selected as a coffee enthusiast
Source: Mintel US Coffee and RTD Coffee 2023, Eater 2024

Maximalist Coffee Branding Examples



Top Seven Ideal Coffee Brand Descriptors



Compass case study: Coffee bar refreshes promote sales

In 2023, Eurest West set out to quantify the impact of refreshing coffee bars by monitoring 162 coffee bar refreshes across 19 division locations. These refreshes included updating coffee sourcing to hyperlocal vendors and introducing new food and beverage items. Eurest West also focused on enhancing ambiance through curated music playlists, updating uniforms, and adding specialty items like rotating signature drinks.

By analyzing point-of-sale data from these 19 locations, Eurest West discovered the refreshed coffee bars saw a 77% increase in daily sales. This increase is attributed to both a higher check average (+8%) and more daily transactions (+64%). Menu size also grew by 32%, demonstrating that an expanded menu of coffee beverage offerings can better match guest preferences. Other low-performing coffee bars can optimize sales by undergoing a similar refresh process.

Upscale Tea Display
Countertop Signature Drinks Sign
Sidewalk Chalkboard with Name, Hours and Featured Special
Countertop Signature Drinks Sign

Anatomy
Of a Coffee Bar

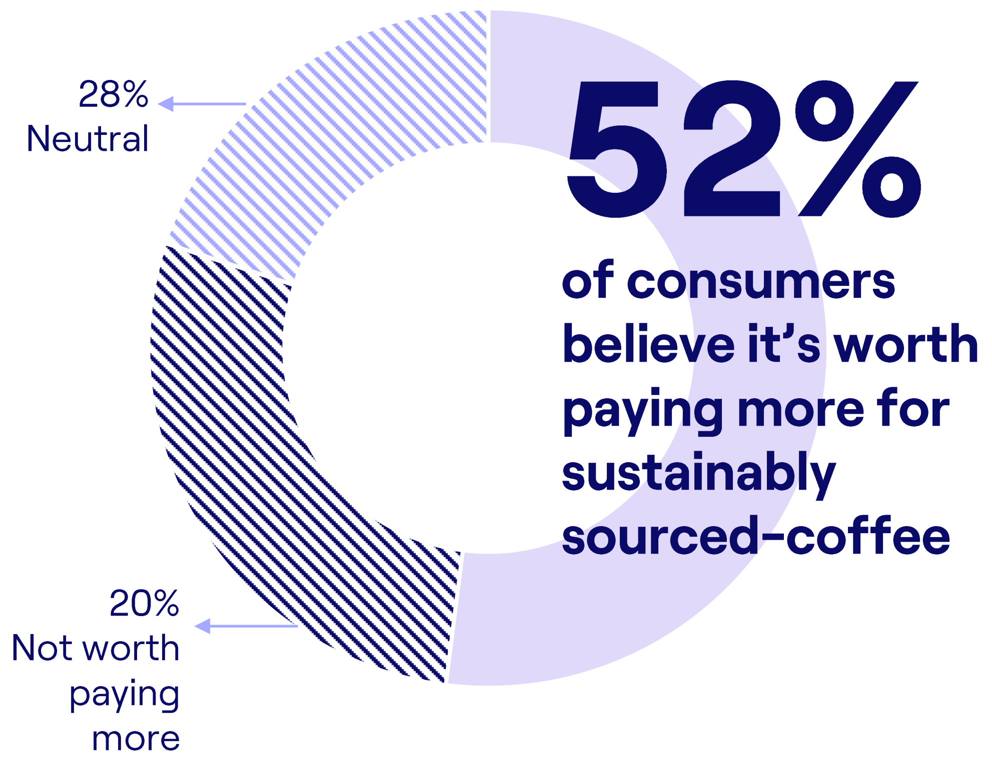
A. Coffee Brand Retail
B. Storytelling, Brew Tags, David Rio Chai Powder Display
C. At Home Coffee Retail/Decor

Source: Compass POS Data 2023

Supporting sustainability remains important to consumers

Brands supporting sustainability impacts consumer decisions, with more than half of consumers (52%) willing to pay more for sustainably sourced-coffee. “Sustainable” also ranks in the top three brand descriptors (see page 14), showing a focus on improving the environment is especially important to coffee drinkers.

Meanwhile, climate change threatens coffee production, forcing brands to move beyond sustainability-related claims towards developing new sustainability initiatives and programs. Make sure to connect with consumers on coffee-focused sustainability initiatives through a variety of marketing mediums, such as counter posters, social media posts, emails, or blog posts.



Source: Mintel US Coffee and RTD Coffee 2023

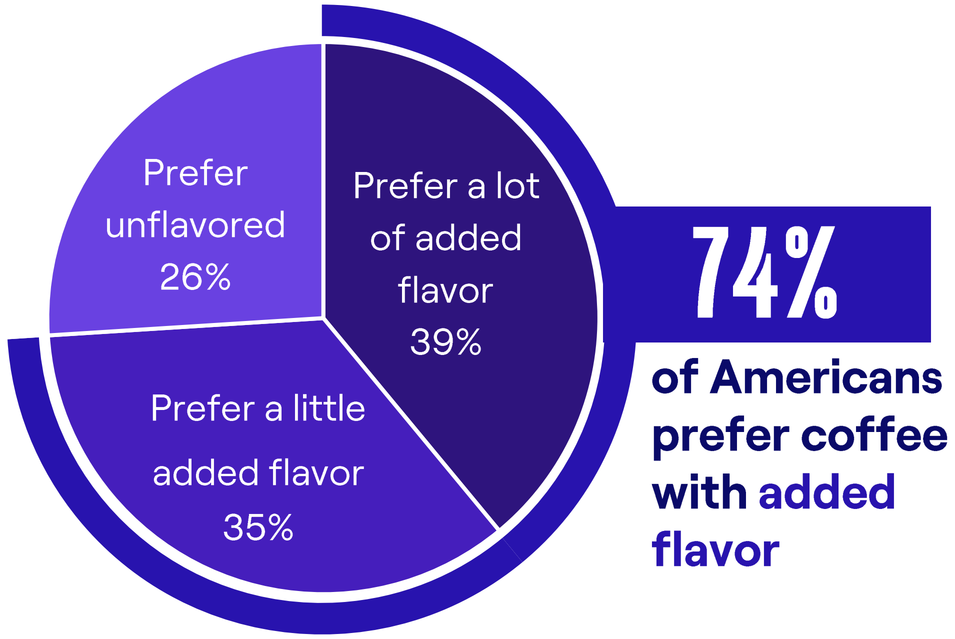
Sustainability Initiatives to Watch

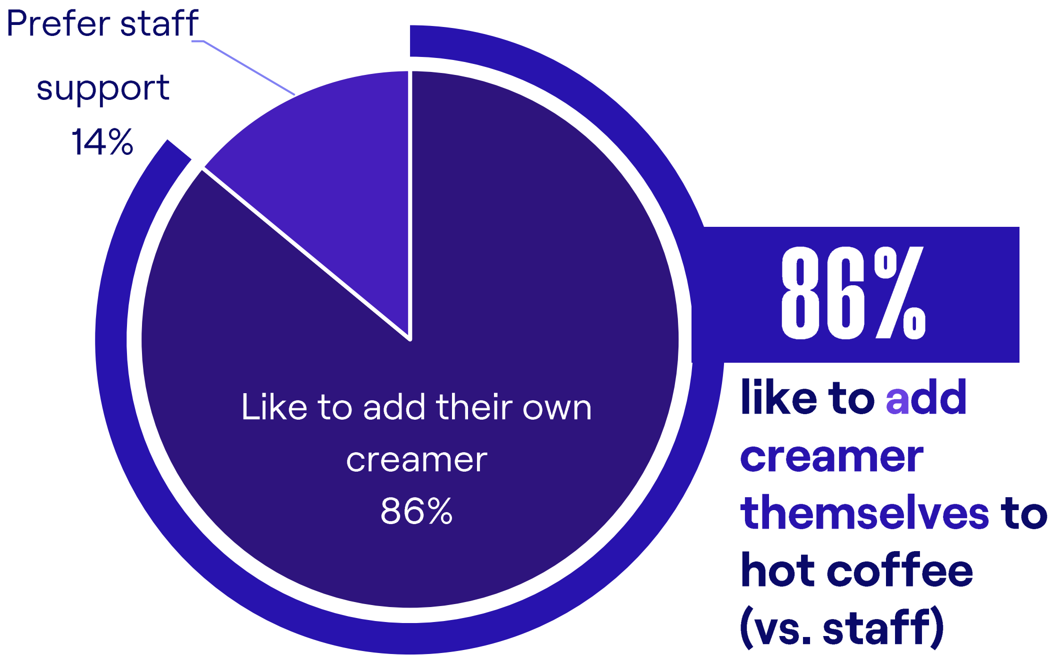
- High-efficiency roasters that boast significantly lower carbon emissions
- Brands going carbon neutral, such as Tony’s Coffee
- “Bird-friendly” coffee sourced from “agroforests” where coffee is grown amongst trees and other plants, promoting and protecting biodiversity
- Importing coffee beans via sailing freights vs. diesel-fueled cargo ships
- The production of stenophylla, a drought-tolerant coffee varietal with comparable flavor to the standard Arabica coffee beans

Flavored creamers and roasts are gaining popularity

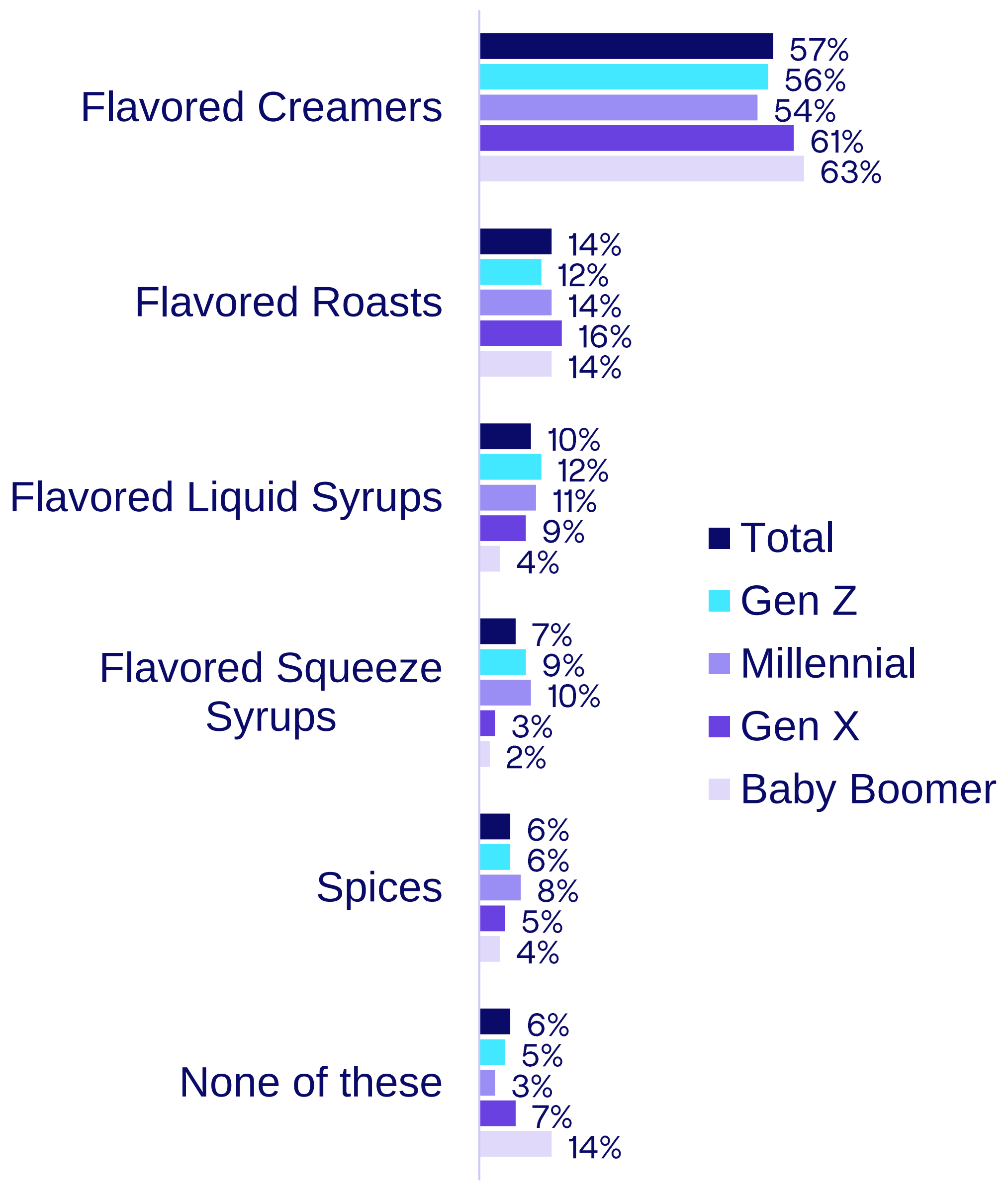
Most consumers prefer coffee with added flavor, and Gen Z and millennial audiences especially love the addition of bold flavors. Flavored creamer is the top preferred way to add flavor, while flavored roasts come in second. About 45% of consumers use liquid creamer away from home (+7% since 2019), showing this trend isn't just for at-home drinks. Most are interested in adding their own creamer or sweetener, rather than having staff assist.

Embrace this trend by adding popular and fast-growing creamer flavors to coffee menus (see pages 20 and 32). Consider adding self-serve flavored creamers where possible, such as in B&I kitchenettes, sports arenas, or higher education cafés.





Preferred Coffee Flavor Format by Generation

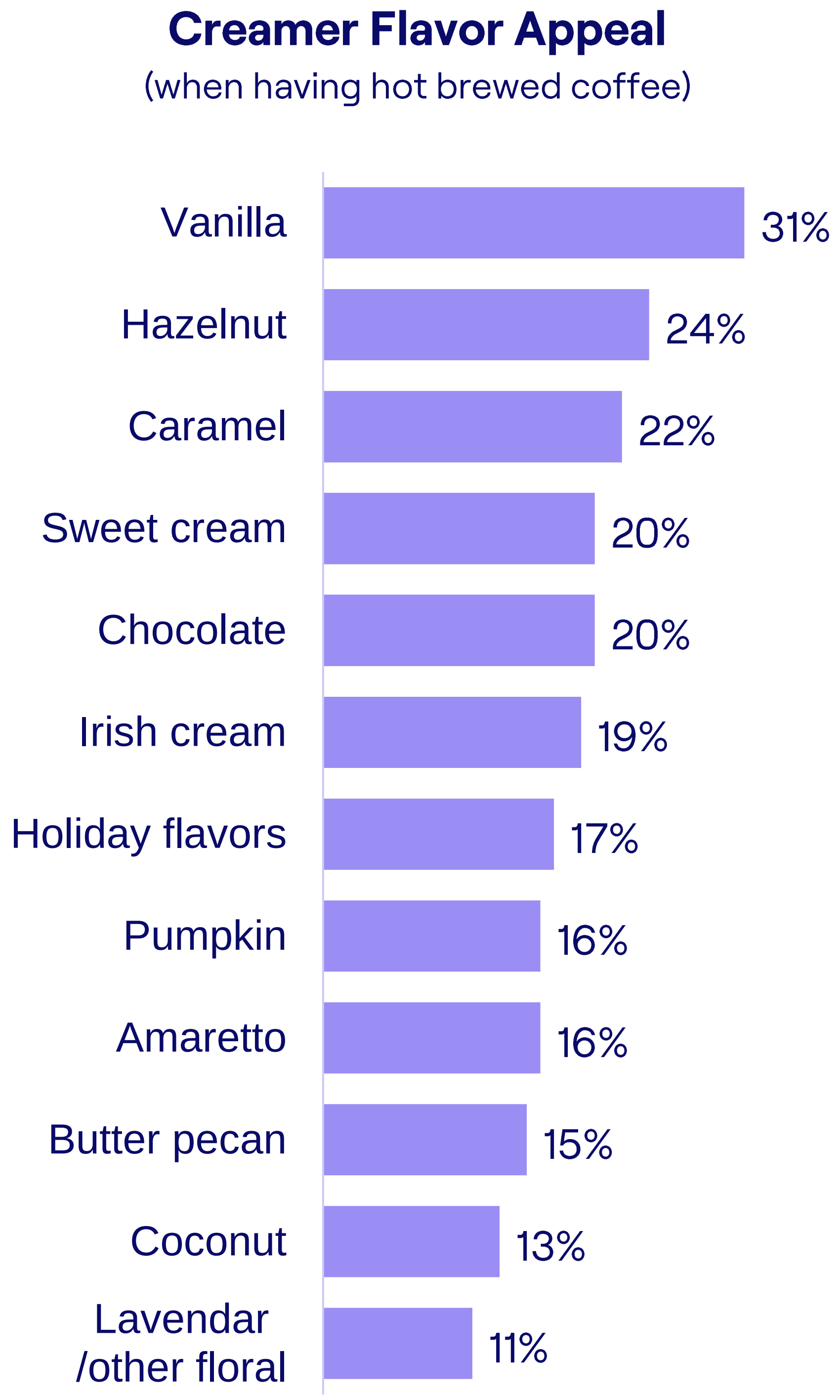


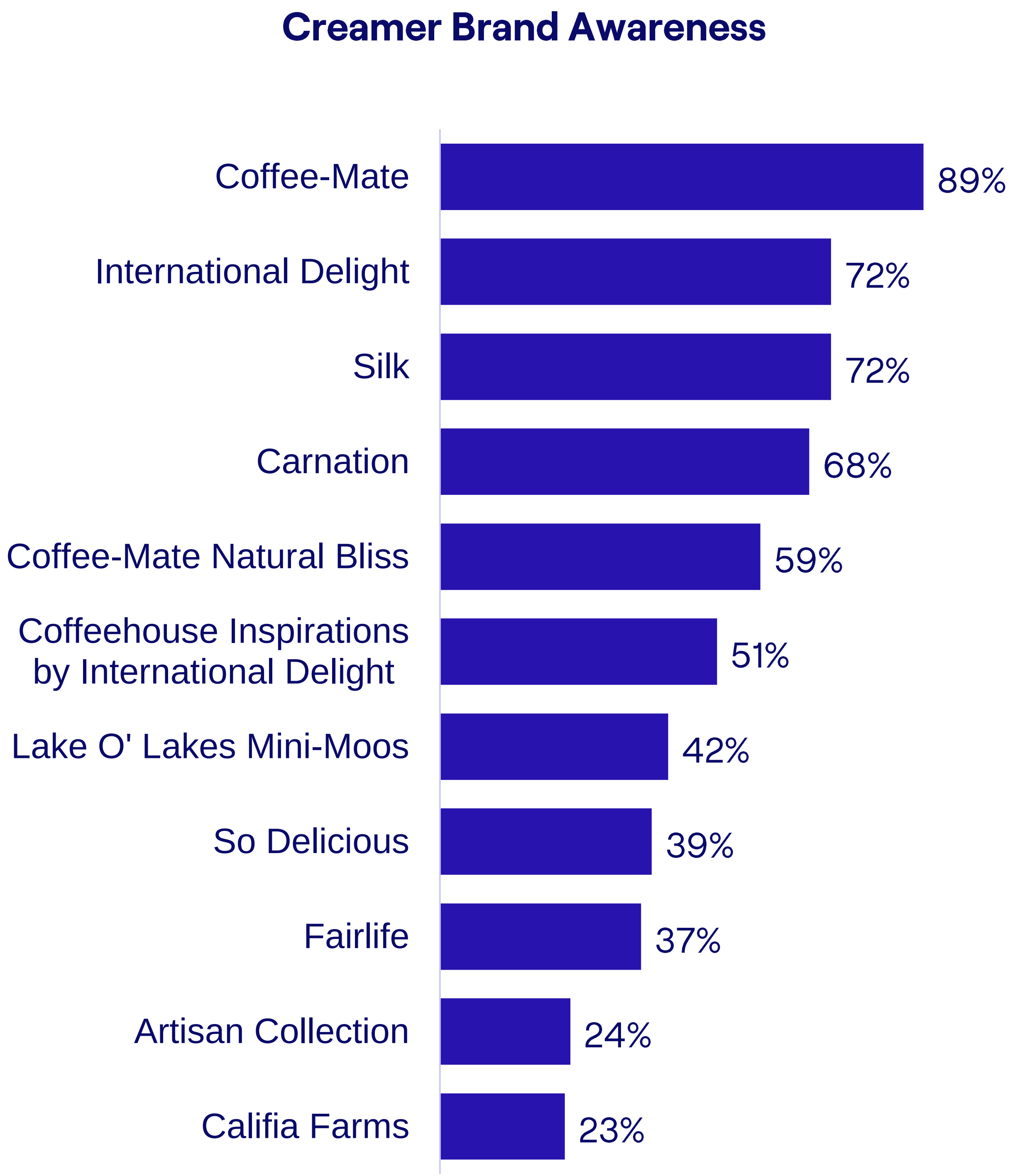
Source: Mintel US Coffee and RTD Coffee 2023, Datassential BUZZ 2023

Consumers embrace classic and seasonal creamer flavors

When selecting creamer flavors, many consumers prefer traditional flavors like vanilla, hazelnut, and caramel. Seasonal flavors like pumpkin or holiday-inspired creamers are also popular picks.

Coffee-Mate, International Delight, and Silk are brands with which consumers are most familiar. Plant-based creamers are also becoming more recognizable, with exclusively dairy-free brands like Califia Farms gaining in awareness.





Source: Datassential BUZZ 2023

Flavored Creamer

With more than half of consumers adding flavored creamer to their coffee (see page 18), creamer companies are responding with exciting flavors and products.

Leading Trends:

- Creative and unusual flavors
- New formats such as cold foam cream
- Engaging in brand partnerships with movies, TV shows, and food and drink brands
- Continued focus on plant-based options

UNIQUE FLAVORS

Creamer companies are competing for market share with new attention-grabbing flavors like Coffee-Mate's Eggo Waffle with Maple Syrup, Dunkin's Brownie Batter, or Califia Farms's Mint Chip.

INNOVATIVE FORMATS

International Delight and Reddi Whip both introduced a Cold Foam Creamer, a coffee shop-style foam topper made famous by Starbucks, that adds both cream and flavor to cold drinks.

NEW PARTNERSHIPS

Popular brand Coffee-Mate is leading the charge on exclusive brand partnerships, such as their Mean Girls-inspired Pink Frosting creamer or their limited-edition coconut-lime creamer launched with Dr. Pepper. International Delight also announced a Bridgerton-inspired Berries and Cream flavor.

PLANT-BASED

Alternative milk companies like Oatly, Planet Oat, and Califia Farms continue to roll out their own creamer products and flavors to compete with traditional dairy brands.

Source: Danone North America 2024

Indulgent and unique flavored coffee roasts are on the horizon

Rich, bold flavored roasts such as brownie, dulce de leche, or peanut butter are top of mind for roast coffee innovation. Alcohol-inspired flavors are also growing in product launches, featuring liquors like whiskey and bourbon. These interesting flavors reiterate the importance of fun in the fourth wave and help to welcome young coffee drinkers to the market. It also allows an easy way for brands to put a spin on classic flavors, such as offering a brownie roast rather than classic chocolate.

Trial new flavored roast coffees to better understand consumer interest in these bold flavors.

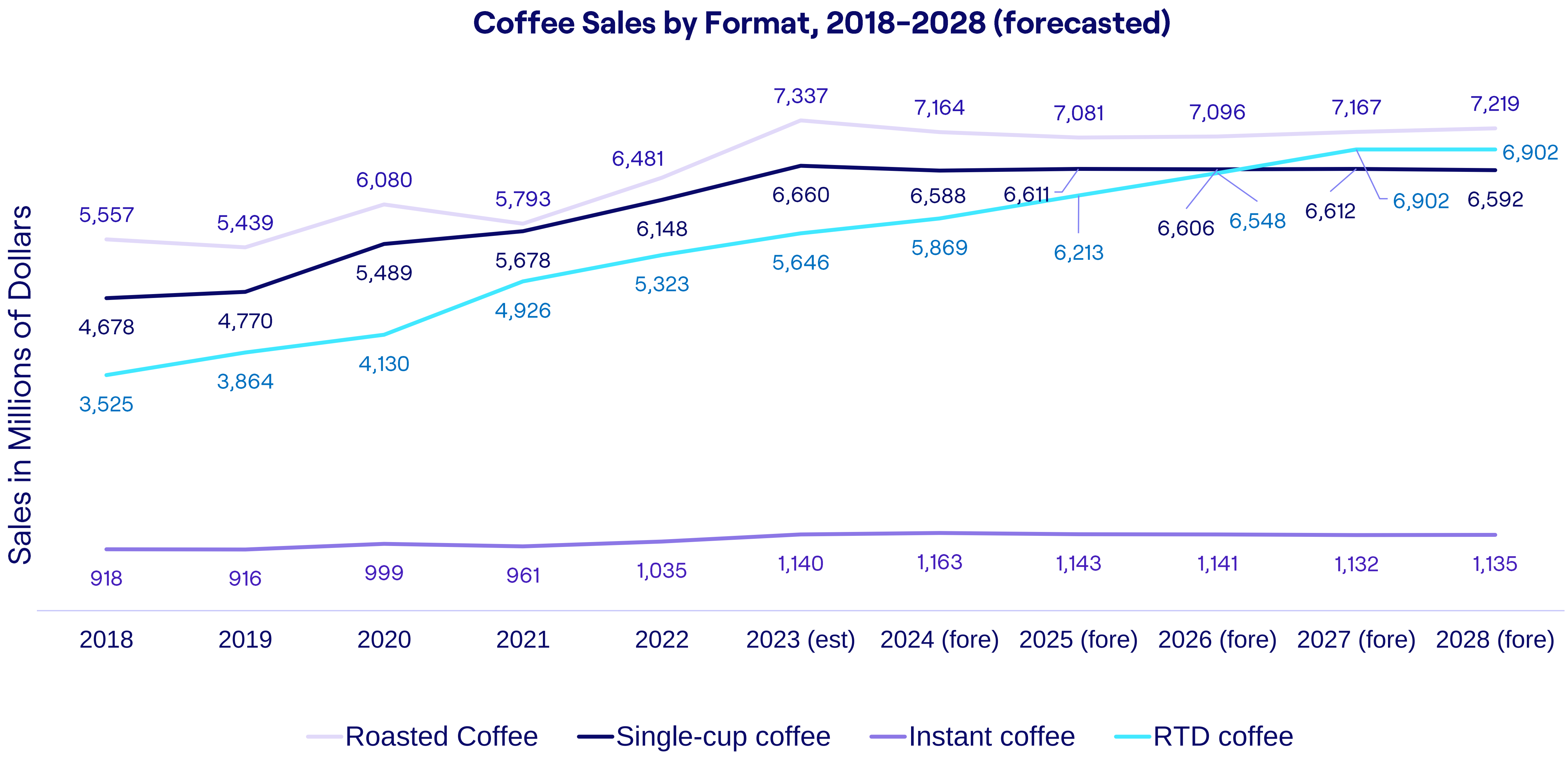
Top 15 Novel* Flavors in Flavored Roast Launches	Top 15 Emerging* Flavors in Flavored Roast Launches
Chocolate (White)	Chai (Masala/Spice)
Fudge	Cocoa/Cacao
Salt (Sea)/Fleur de Sel	Nut
Pumpkin Pie	Muffin
Sugar	Honey
Brownie	S'mores
Waffle	Almond
Macadamia	Gingerbread
Walnut	Dulce de Leche
Orange/Sweet Orange	Sugar (Brown)
Peanut Butter	Mint
Cognac	Raspberry
Bourbon (Biscuit)	Churro
Candied/Glace	Whiskey (Bourbon)
Cheesecake	Cream/Creme/Whipped Cream

*Novel and emerging are terms from Mintel 's proprietary Flavorscape AI tool. Novel represents flavors that are new, experimental, or focused on niche products or consumer groups. Emerging represents flavors that are not yet established but also not novel. Together, these highlight both brand new and up and coming flavors.
Source: Mintel US Coffee and RTD Coffee 2023, 2023 Datassential BUZZ Report

Ready-to-drink coffee drinks remain a driver of growth

Ready-to-drink (RTD) coffee continues to be the fastest-growing coffee format among consumers

As of 2023, RTD coffees sales have increased by 60% since 2018 and are forecasted to grow another 30% by 2028. This could be due to younger generations' preference for cold coffee drinks paired with the ongoing need for convenience. Looking to the future, operators should find and offer popular and creative RTD coffees across marketplaces, vending machines, and cafés to boost coffee sales.



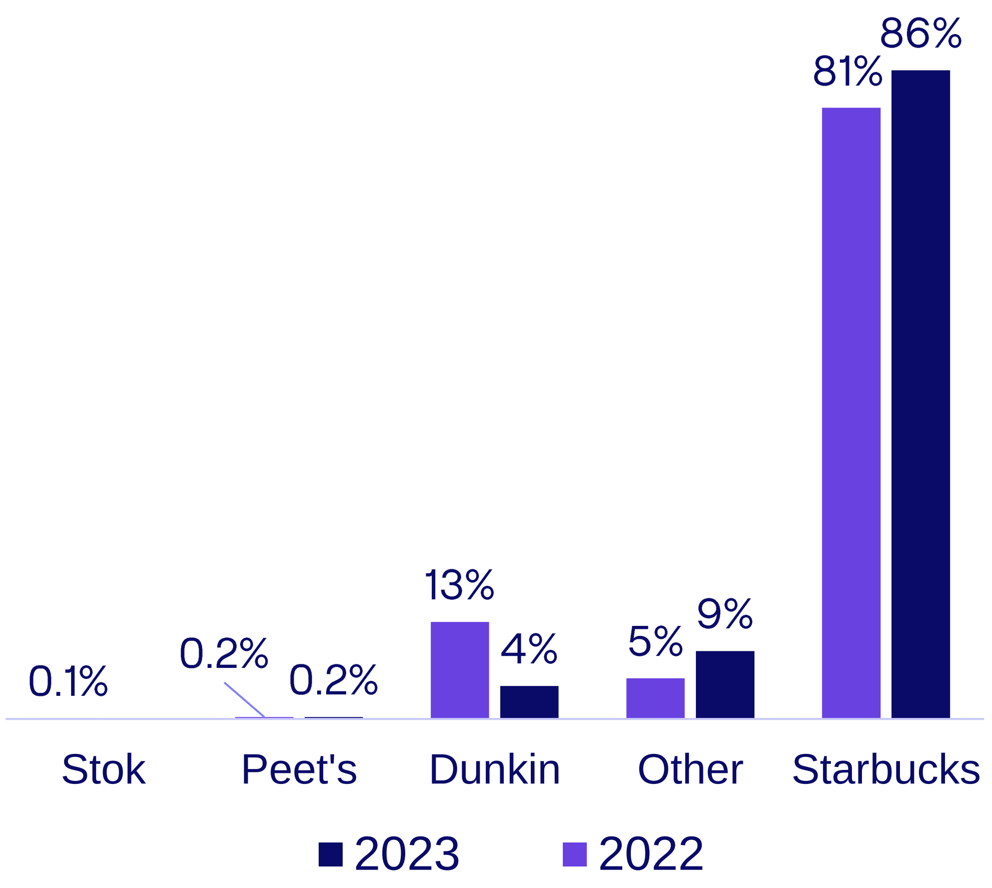
Source: Mintel US Coffee and RTD Coffee 2023

Among RTD coffee drinks, frappuccinos and energy coffee drinks perform best

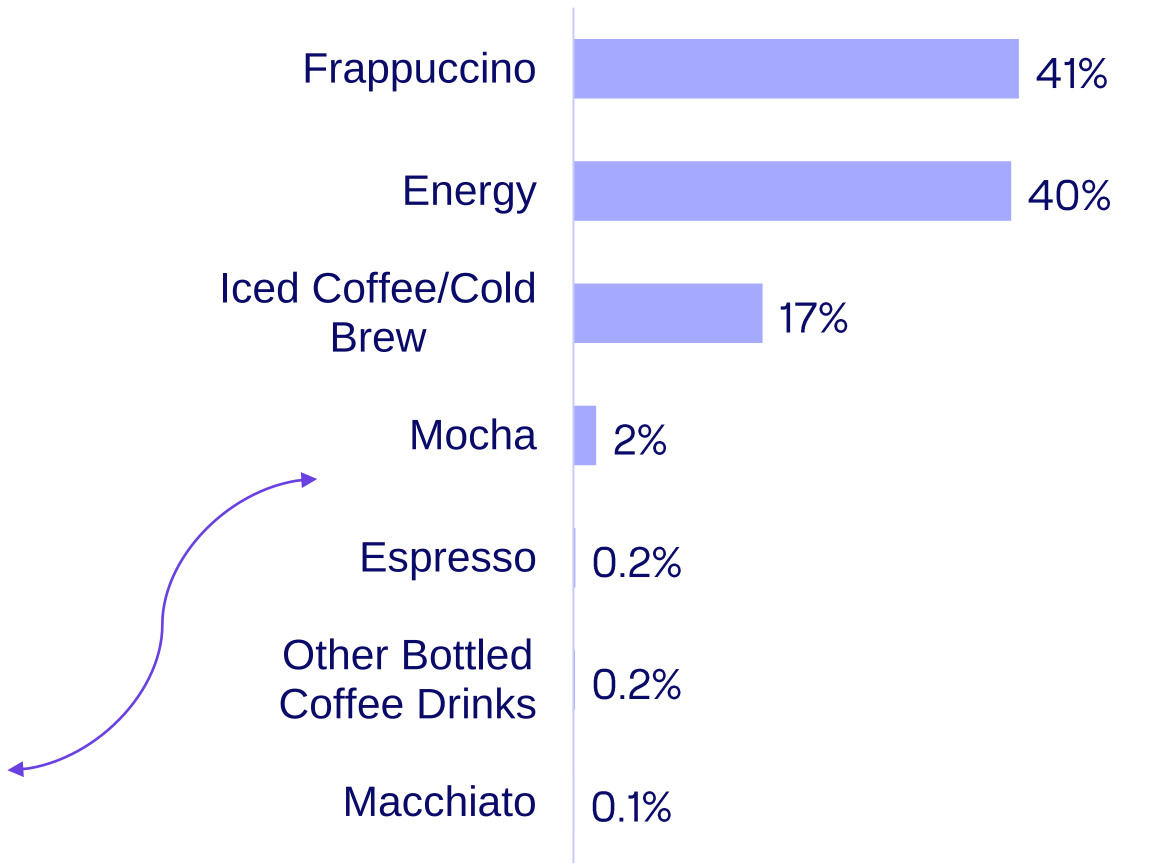
At Compass locations*, Starbucks is by far the most popular RTD coffee brand, growing to capture an even larger share of sales from 2022-2023, while Dunkin' numbers fell by almost 70%. Within Starbucks drinks, frappuccinos and coffee-based energy drinks are the most purchased. This may reflect consumers' growing interest in strong, sweet flavors alongside their need for energy. While frappuccinos are the third most expensive RTD drink (average price $4.13 in 2023), bottled versions are a cost-effective way for consumers to purchase a brand-name drink at a lower price point than a made-to-order drink from a Starbucks café.

When looking to boost RTD menus, consider adding additional flavors of Starbucks frappuccinos or energy drinks.

Top RTD Brands
by Percentage of Sales



Starbucks RTD Coffee Performance
Percentage of Starbucks RTD Sales by Item Type



*E15 analyzed point-of-sale data from 87 Compass accounts across industries, including healthcare, higher education, and B&I, to understand RTD sales.
Source: Compass POS Data 2023

RTD Coffee

RTD coffee offers a triple threat of energy, convenience, and great taste.

Leading Trends:

- Options with alternative milks
- Flavorful options
- Functional drinks promoting health and wellness
- Well-known brands offering consumer favorites

ALTERNATIVE MILKS

Alternative milk is taking RTD coffee by storm, with many coffee brands adopting oat milk-based options. Stumptown has paired with oat milk brand Oatly, while Chamberlain Coffee introduced an entire line of lattes featuring oat milk. Other brands introduce lactose-free RTD options.

FLAVOR-FORWARD

74% of global consumers are excited about new and unusual flavors beyond classic flavors in coffee and tea drinks. 77% find limited edition flavors most appealing in coffee drinks. Consider unique options like Bones Coffee Fruity Cereal Flavored latte or Dunkin's Cake Batter iced coffee.

FUNCTIONAL

Consumers are also looking to RTD coffee drinks to provide health benefits. Mushroom coffee RTDs from brands like Taika are becoming more common, while popular energy drink company Alani Nu has introduced protein coffee drinks.

POPULAR BRANDS

Well-known brands like Pepsi (serving Starbucks), Coca-Cola (serving Costa), and Dunkin are jumping the booming RTD trend, competing in the market space with familiar favorites.

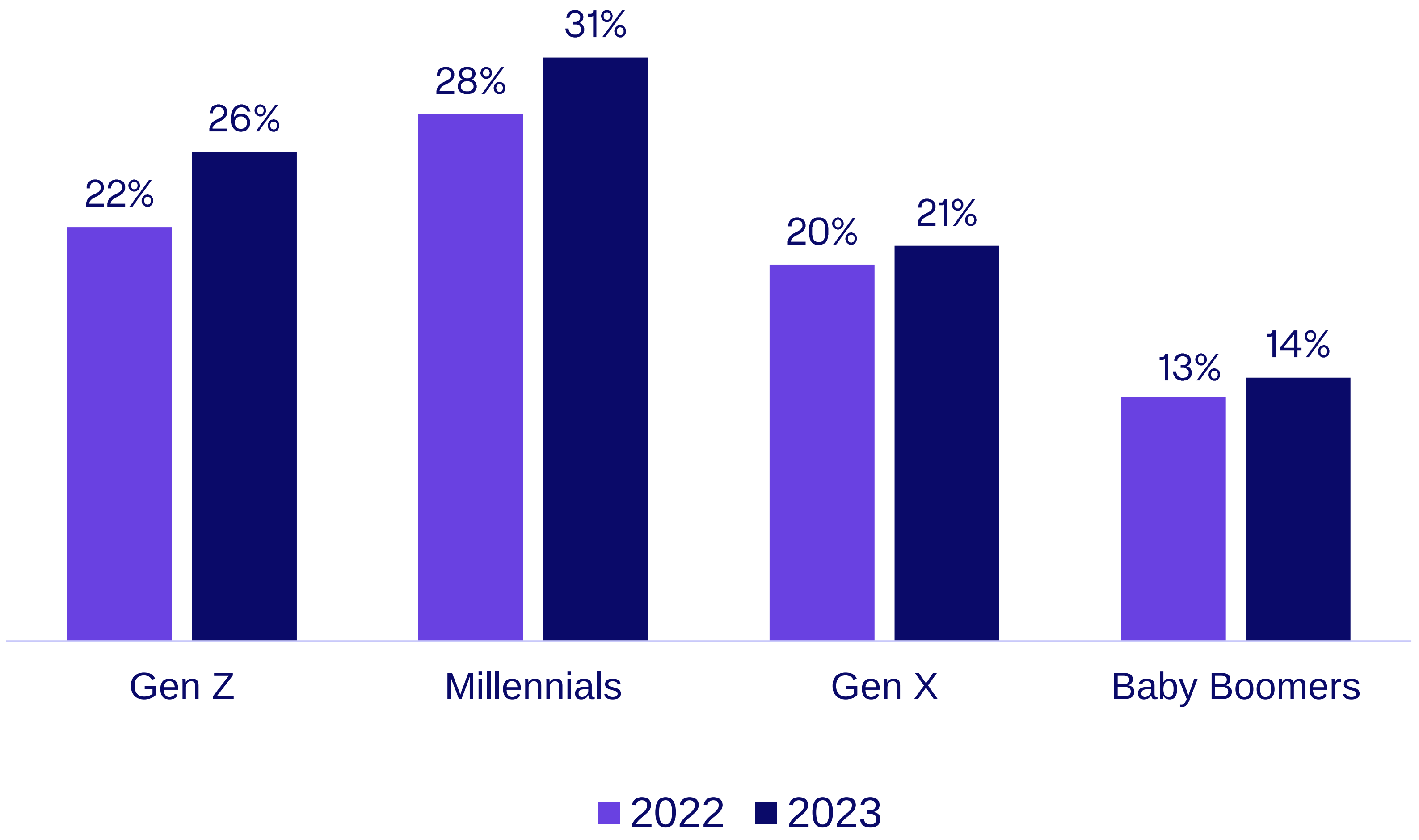
Source: Beverage Daily 2024

Instant coffee is innovating and expanding

Instant coffee, formerly seen as lower quality, is seeing a resurgence thanks to new innovative products and TikTok culture. This previously low-growth sector is seeing increased consumption across all generations, particularly for Gen Z and millennial consumers.

Instant coffee is also expanding beyond coffee granules into other forms, such as liquid coffee concentrates or coffee in the form of a tea bag. Instant coffee product launches have increased by more than 150% from 2020 to 2022, showing the market supports new and improved offerings in this category.

Percentage of Consumers Who Have Consumed Instant Coffee in the Past 3 Months



Source: Mintel US Coffee and RTD Coffee 2023

Instant Coffee

Like RTD coffee, instant coffee allows for a quick and convenient caffeine fix.

Leading Trends:

- High-quality instant options from independent coffee shops
- New forms of instant-style coffees, like concentrates and coffee bags
- Instant coffee that promotes functional health benefits

Source: Mintel US Coffee and RTD Coffee 2023

SPECIALTY BRANDS

Instant coffee is no longer just for big brands like Nestle. Independent coffee shops are jumping on this trend, such as Blue Bottle who introduced its instant espresso in late 2022.

NEW STYLES

Instant coffee is also moving beyond coffee granules, with brands like Chamberlain Coffee introducing alternative quick coffee options like tea-bag style hot and cold coffees. Others look to liquids as a solution in the form of coffee concentrates, such as brands like Jot or Javy.

FUNCTIONAL

Like in RTD coffee (see page 23), instant coffee is also introducing products that claim to promote wellness. Mushroom coffee, protein coffee, and drinks with adaptogens are all available on the market for those seeking health benefits alongside their caffeine fix.

GENERATIONAL TRENDS

Generations differ in coffee format preferences

While any brewed coffee is the top coffee format consumed by all generations, Gen Z and millennial consumers commonly choose flavored roasts and RTD coffee drinks, while Gen X and boomer consumers choose single cup coffee and hot caffeinated brewed coffee from grounds.

Understanding preferred coffee format by generation allows operators to offer coffee formats that better fulfill the needs of their unique audience. Colleges and universities should lean into younger generations' preferences, while certain healthcare establishments may want to focus on preferences of older generations.

Top Consumed Coffee Formats in the Past Three Months

Coffee Format	Total	Gen Z	Millennials	Gen X	Baby Boomer
Any brewed coffee	78%	78%	83%	75%	77%
Any traditional roasted coffee	51%	41%	52%	52%	53%
Any single cup coffee (non-espresso)	42%	45%	46%	41%	37%
Any flavored roast	38%	46%	49%	38%	25%
Hot caffeinated regular brewed coffee from grounds	37%	21%	35%	42%	42%
Any RTD coffee	36%	49%	55%	34%	12%
Brewed coffee from non-flavored single-serve pods	28%	26%	29%	28%	28%
Brewed coffee from flavored single-serve pods	26%	33%	33%	28%	17%
Bottled/canned iced coffee	26%	39%	38%	24%	10%
Any espresso	23%	31%	34%	21%	10%
Instant coffee	23%	26%	31%	21%	14%
Hot caffeinated brewed coffee from flavored grounds	21%	24%	29%	20%	13%
Bottled/canned cold brew coffee	18%	21%	29%	19%	4%
Espresso-based drink from pods	14%	20%	20%	13%	5%
Espresso-based drink from grounds	14%	17%	20%	13%	6%
Hot decaffeinated regular brewed coffee from grounds	10%	10%	10%	8%	11%
Bottled/canned nitro cold brew coffee	10%	13%	18%	9%	1%
None of these	17%	13%	10%	20%	22%

Blue shaded cells indicate top four formats by that generation

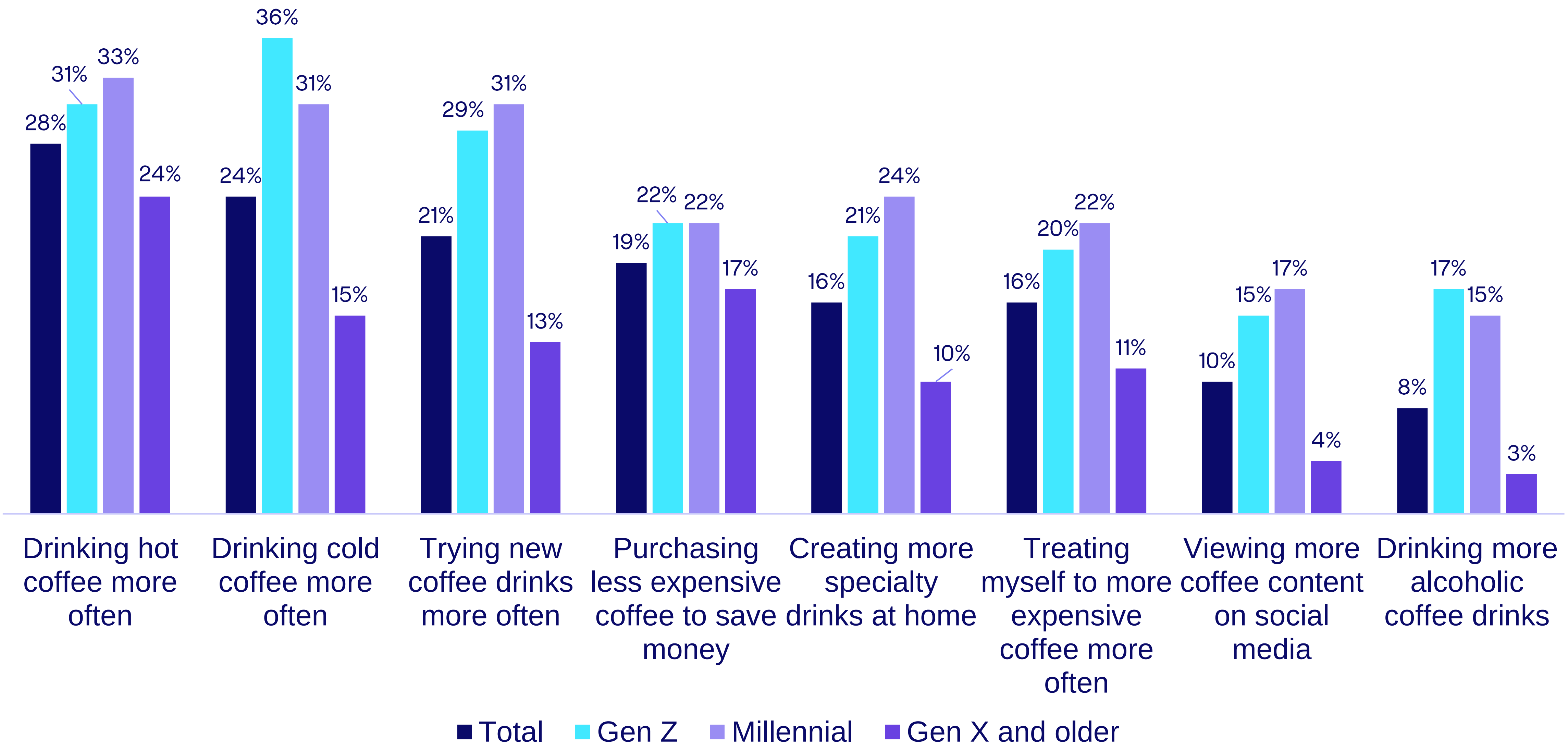
Source: Mintel US Coffee and RTD Coffee 2023

Younger generations are trying new drinks and drinking cold coffee

Gen Z and millennial generations are drinking cold coffee much more frequently compared to 2022, showing a rising interest in cold beverages. These generations are also seeking out new drinks.

Satisfy these generations by offering interesting cold coffee drinks, such as seasonal limited-time iced lattes or flavorful cold RTD canned coffee.

Coffee Behavior Changes by Generation
(compared to prior year)



Source: Mintel US Coffee and RTD Coffee 2023

Teens are entering the coffee market

Teens in the Gen Z generation are drinking coffee at an earlier age. The average age of teens drinking coffee is now 15, compared to 19 for boomer and Gen X generations and 17 for the millennial generation. More than half of teens currently drink coffee, with cold coffee being the most consumed option. Flavorful cold coffee drinks are the gateway to coffee for teens, while prior generations primarily started their coffee habit on hot coffee.

For sites with younger teens, consider options that mimic coffee trends without caffeine, such as a canned decaf flavored latte. For sites with older teens, such as universities, consider adding uniquely-flavored, sweet RTD coffee drinks to vending machines or cafés.

15

Current average age **teens begin to drink coffee**

Teen Coffee Format Preferences

18% drink hot coffee beverages

20% drink both hot and cold coffee beverages

26% drink cold coffee beverages

36% do not drink coffee

63% of US consumers aged 12-17 drink coffee

Source: Mintel US Coffee and RTD Coffee 2023

Gen Z tastes will influence future coffee trends

Gen Z is now seen as the leader of coffee trends. Young consumers entering the market use TikTok as a gateway into coffee culture, and Gen Z is leading the charge on developing and engaging with this inspirational social media outlet.

Operators should look to Gen Z coffee attitudes and preferences to better understand the future of coffee. This includes a desire for trying Asian-inspired drinks (71% of Gen Z), a focus on coffee brands supporting social issues (60%), and continued use of TikTok for coffee education (60%).

A PEEK AT ASIAN-INSPIRED DRINKS

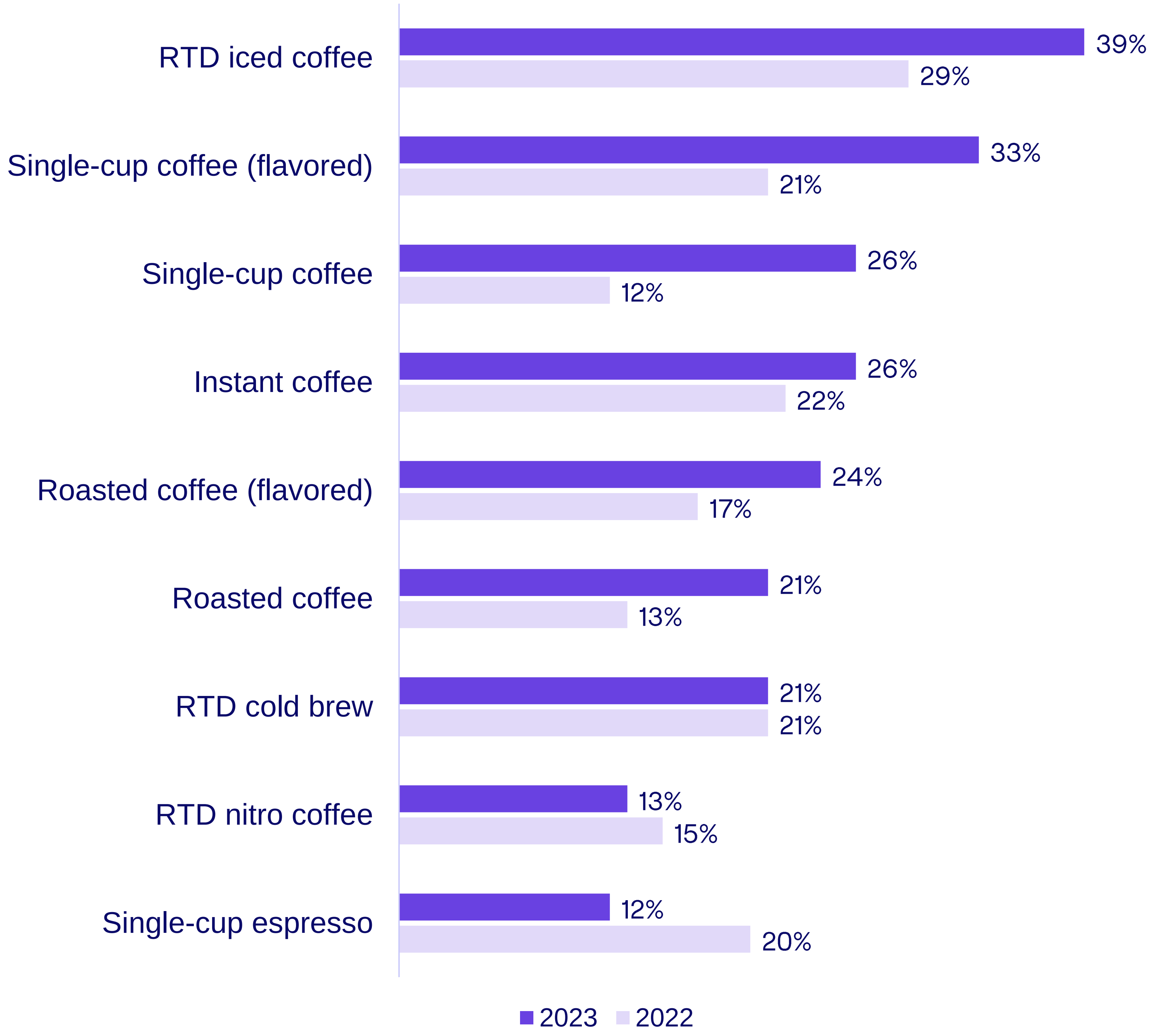
Like European-style coffee drinks characterized the third wave coffee movement, Asian-inspired drinks may do the same in the fourth wave. This is seen across many food and drink categories, with RTD coffee drinks just starting to see influence from Vietnamese coffee in particular.

Source: Mintel US Coffee and RTD Coffee 2023

Gen Z is expanding coffee format preferences

While Gen Z continues to prefer cold and iced coffee, this generation is starting to indulge in a wider variety of coffee beverages. Single-cup coffee, both flavored and unflavored, has become more popular among Gen Z consumers in the prior year (+12 percentage points). When looking to RTD drinks, iced coffee is more consumed than RTD cold brew or nitro coffee. Since Gen Z consumers prefer coffee with a lot of added flavor, menu items and RTD beverages should reflect this preference with fun, strong flavors.

Preferred Coffee Flavor Format by Generation



Source: Mintel US Coffee and RTD Coffee 2023

Menu Adoption Cycle: Iced and Blended Coffee

With young consumers interested in cold drinks, consider trending flavors and beverages in this category.

This page shows the menu adoption cycle for **iced and blended coffee drinks**. Classically flavored cold coffees like iced mochas have reached the ubiquity stage and can be found on menus across sectors. Meanwhile, unique flavors like coffee lemonade and breakfast starch-inspired drinks are gaining in popularity. See page 35 for how to read menu adoption cycles.

Source: Datassential SNAP 2024

Incorporate adoption and proliferation stage items when looking to innovate. These could also fit as limited-time offerings (LTOs), rotating items, or specials.

Ubiquitous items should be core offerings on the menu.

INCEPTION

- Australian iced coffee/coffee float
- With protein
- Electrolyte
- Dirty matcha
- Jus alpukat/avocado
- Small batch
- Mexican
- Sparkling coffee/coffee tonic
- Pecan
- Chicory
- Horchata
- Mint

ADOPTION

- Texture (bubbles, pearls, jelly, candy pieces, etc.)
- Coffee lemonade/Laura Palmer
- Honey
- Herbs and spices
- Affogato
- Brown sugar
- Dirty chai
- Fair trade
- Sustainable
- Nitro
- Breakfast starch inspired
- Condensed milk
- Thai
- Almond
- Apple
- Crème brulee
- Coconut
- Americano
- Butterscotch
- Organic
- Macchiato
- Vietnamese

PROLIFERATION

- Blended frozen coffee
- Cookie inclusions
- Salted caramel
- Cold foam
- Skinny
- Roast specified
- Dark chocolate
- Dessert inspired
- Caramel syrup/drizzle
- Candy inclusions
- White chocolate
- Marshmallow
- Country of origin
- Alternative milk

UBIQUITY

- Pumpkin
- Iced cappuccino
- Caramel
- Iced mocha
- Vanilla
- Iced coffee
- Cinnamon
- Whipped topping
- Iced latte
- Hazelnut
- Cold brew

Millennials and Gen X are excited about functional coffee and boozy-inspired roasts

More than a quarter of millennial (27%) and Gen X (26%) consumers are motivated to try new coffee brands if they offer functional benefits in addition to energy. This group is on the lookout for drinks that align with health and fitness goals, such as low-sugar or low-fat products. Coffee drinks that offer brain-boosting or cognitive enhancing claims may also interest this group, such as mushroom coffee.

Alcohol-flavored coffee roasts may also appeal to millennial and Gen Z consumers, especially those interested in premium coffee experiences.

Source: Mintel US Coffee and RTD Coffee 2023

FUNCTIONAL BENEFITS

Consumers are looking to drinks that not only increase their energy, but also improve their health. RTDs catch up with this trend through drinks including Lions Mane mushrooms, additional vitamins, and superfoods.

BOOZY-FLAVORED ROASTS

Millennials and Gen X may be attracted to boozy coffee roasts, such as bourbon barrel aged ground coffee or Irish Whiskey-infused roasts. To achieve this product, companies either soak coffee beans in spirits before roasting or age coffee beans in barrels formerly used for aging liquors, allowing for spirit flavor without the alcohol.

Questions?
Reach out to your project team

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How to Interpret the Menu Adoption Cycle

Data shows that food and beverage trends follow a predictable life cycle. E15 leverages the MAC (Menu Adoption Cycle) to determine a trend's current life stage, as well as its potential for future advancement.

Incorporating items at different stages of the MAC ensures menus will appeal to a variety of consumer preferences.

	Incorporate adoption and proliferation stage items when looking to innovate. These could also fit as limited-time offerings (LTOs), rotating items, or specials.		Ubiquitous items should be core offerings on the menu.
INCEPTION	**ADOPTION**	**PROLIFERATION**	**UBIQUITY**
• Trends start here • Exemplify originality in flavor, preparation, and presentation • 70% of inception-level items never move past this stage	• Grow their base via lower price points and simpler prep methods • Often feature premium and/or generally authentic ingredients	• Adjusted for mainstream appeal • Often combined with popular applications (on a burger, pasta, etc.)	• Reached maturity • Found across all sectors of the food industry
IN FOODSERVICE • Global independents • Fine dining	IN FOODSERVICE • Gastropubs • Upper casual • Fast casual • Food trucks	IN FOODSERVICE • Casual and quick-service restaurant chains • Progressive c-stores • Colleges + B&I	IN FOODSERVICE • Family restaurants • Traditional c-stores • K-12 • Healthcare
AT RETAIL • Global markets • Farmer's markets	AT RETAIL • Specialty grocery • Gourmet food shops • Food halls	AT RETAIL • Mainline grocery • Big box/mass merchant • Club stores	AT RETAIL • Drug stores • Dollar stores