



Away From Home



# TRADITIONAL COFFEE

## TREND BRIEFING

Traditional coffee—which includes regular and specialty hot and iced coffees as well as frozen blended coffee—is the most widely consumed beverage beyond tap water measured in Technomic’s *Beverage Consumer Trend Report*. Thus, understanding consumer purchase drivers and consumption habits, as well as associated trends around traditional coffee, is necessary to capture more traffic.

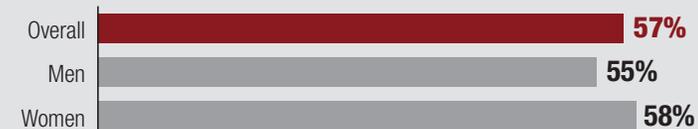
### Traditional Coffee Purchase Drivers

Operators must recognize why consumers purchase coffee in order to create targeted promotions and new product innovation around the beverage. More than half of consumers buy coffee because they see it as an energy booster (57%) or they’re craving it (52%). Slightly fewer consumers purchase coffee because it’s a habit (47%) or because it’s already included in their meal (35%).

However, there are some noteworthy gender differences among the purchase drivers for traditional coffee. More women than men say they buy coffee because they want an energy booster or because they’re craving it. Thus, marketing coffee as such to women will be more effective. On the other hand, more men than women say they purchase coffee out of habit or because it’s included in their meal. Hence, promoting meal deals such as “buy a breakfast entree and get a medium coffee for free” will likely increase male coffee visits.

## I purchase coffee because...

### I WANT SOMETHING TO BOOST MY ENERGY.



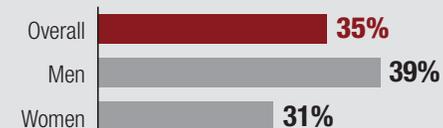
### I'M CRAVING IT.



### IT'S A HABIT.

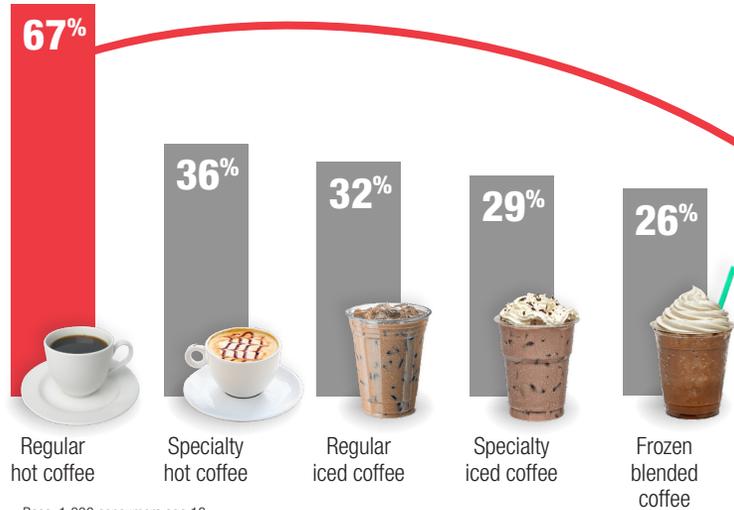


### IT'S ALREADY INCLUDED IN MY MEAL.



# Traditional Coffee Consumption

Coffee beverages that consumers drink at least occasionally *(once every 90 days)*



Base: 1,000 consumers age 18+

When it comes to coffee consumption, regular hot coffee reigns supreme, with more than two-thirds of consumers (67%) saying they drink it at least occasionally. In fact, it's the top traditional coffee beverage choice for all generations. However, there are a number of interesting demographic differences regarding regular hot coffee preferences. For example, Matures are much more likely than Gen Zers to drink regular hot coffee.

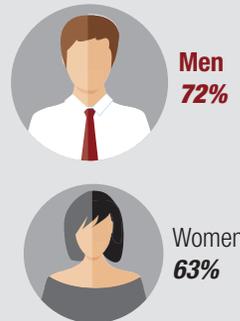
There are also some noteworthy demographic variances regarding other traditional coffee types beyond regular hot coffee. Here are a few worth mentioning:

- ▶ Women are more likely than men to drink all the traditional coffee types except regular hot coffee
- ▶ Hispanics are the ethnicity most likely to drink specialty hot and iced coffees, while Asians most prefer regular iced and frozen blended coffees

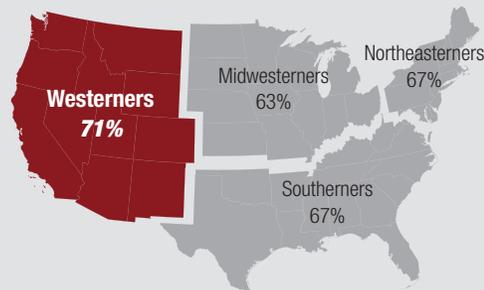
- ▶ Traditional coffee beverages of choice beyond regular hot coffee vary for different generations: Gen Zers most prefer specialty iced coffee, millennials' favorite is regular iced coffee and Gen Xers, baby boomers and matures most enjoy specialty hot coffee
- ▶ Folks in the West drink all traditional coffee types more than those in the other regions; the same can be said about millennials versus other generations (with the exception of regular hot coffee)

## Leading Regular Hot Coffee Drinkers

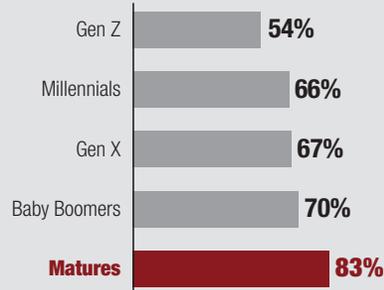
### BY GENDER:



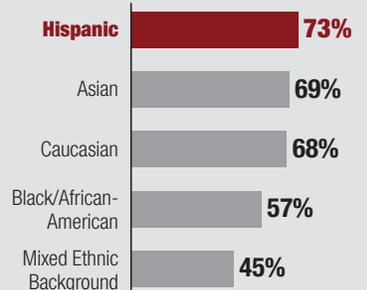
### BY REGION:



### BY GENERATION:



### BY ETHNICITY:



Base: 1,000 consumers age 18+



Unsurprisingly, the vast majority of consumers (76%) drink coffee beverages during the morning. Further, consumption predictably tends to decrease throughout the day: 58% of consumers are likely to consume coffee during the afternoon, 42% during the evening and 29% late at night. Further, almost three in 10 consumers (29%) drink coffee as a meal replacement, skewing heavily toward millennials (44%) and Hispanics (42%).

Operators who want to market coffee products during specific times of day have certain age and gender demographics they should most aim for. Here are some tips:

### Top Demographics for Every Time of Day

#### MORNING



Women age 65 and over (84%)

#### AFTERNOON



Men age 35-44 (73%)

#### EVENING



Men age 25-34 (62%)

#### LATE NIGHT



Men age 35-44 (56%)

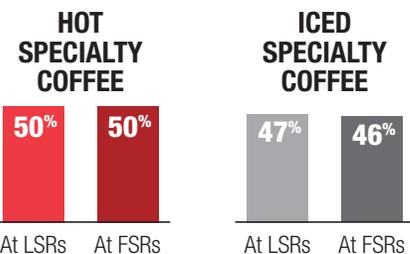
Base: 1,000 consumers age 18+

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## Traditional Coffee Demand

There are several holes that operators need to fill when it comes to the number of coffee options on menus at restaurants. Half of consumers would like to see more hot specialty coffee beverages at full-service restaurants (50%) and limited-service restaurants (50%). Further, 47% of consumers want to see more iced specialty coffees at limited serves, while 46% say the same for full serves. In conclusion, operators clearly are not meeting consumers' desires for the extent of hot and iced specialty coffee products at restaurants.

### I want to see more...

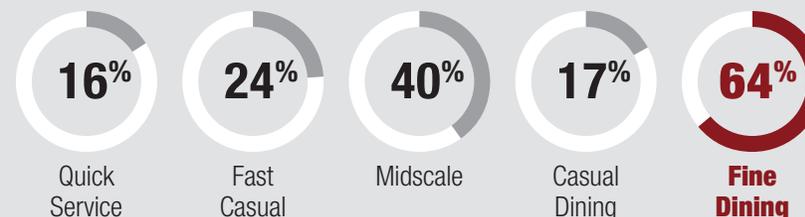


Base: 1,000 consumers age 18+

**TIP:** Both limited- and full-service operators should first focus on adding hot specialty coffee over iced varieties, as consumers not only want to see more hot than iced specialty coffee products at restaurants, but they also tend to drink specialty hot coffee (36%) more often than they do specialty iced coffee (29%).



## Penetration of Specialty Coffee by Segment



Base: Q2 2016-Q2 2017

Source: MenuMonitor, Technomic

## Traditional Coffee Penetration by Segment

Looking at the penetration of both hot and iced specialty coffees in each segment may help determine which restaurants need to mind the gaps. Almost a quarter of fast casuals offer specialty coffee, whereas less than one in six quick serves menu specialty coffee. Both segments could significantly enhance the number of specialty coffee items on menus to appease consumers.

On the full-service side, there is a large disparity among the penetration of specialty coffee at midscale, casual dining and fine dining. Almost two-thirds of fine-dining operators menu specialty coffee compared to two-fifths of midscale operators. Significantly fewer casual-dining operators—only 17%—offer specialty coffee. Because casual-dining operators maintain a greater focus on lunch and dinner instead of breakfast (compared to midscale and some fine-dining operators), they're also less likely to have specialty coffee on their menus.

When determining potential new types of traditional coffee to add, operators should look to what's trending currently on menus. The leading specialty coffee flavors prove that sweet tastes reign in this mealpart. Caramel, vanilla, chocolate and white chocolate are predominantly sweet, while hazelnut has a sweet yet nutty flavor. And these flavors are so popular, in fact, that they are featured in 22.4% of all specialty coffee beverages at restaurants.

### Leading Specialty Coffee Flavors

- 1 **CARAMEL**
- 2 **VANILLA**
- 3 **CHOCOLATE**
- 4 **HAZELNUT**
- 5 **WHITE CHOCOLATE**



Thus, operators have a lot of room to get creative with the flavorings of their specialty coffee beverages. For one, sweet needn't be the only flavor considered. The list of five fastest-growing specialty coffee flavors sheds light on some trends that operators can incorporate into new specialty coffees.

## Fastest-Growing Specialty Coffee Flavors (YOY)

### 1. Peppermint (70%)

Peppermint is the fastest-growing flavor in specialty coffees in the past year, as the herb lends a pungent and refreshing taste. Many operators look to peppermint and mint in general as coffee flavor notes during the winter.



### 2. Salted Caramel (63%)

Salted caramel is one of the trendiest flavors on menus in general (not just coffees). The sweet and salty flavor combo of salted caramel appeals to 44% of consumers, according to Technomic's *Flavor Consumer Trend Report*.



### 3. Oreo (46%)

Many operators are looking to familiar brand names like Oreo as specialty coffee flavorings. These flavors connote a sense of nostalgia that's universally appealing. Plus, using trusted brand names helps sell items in restaurants.

### 4. Creme Brulee (43%)

Dessert-inspired coffees have been growing, as seen by the extensive growth of creme brulee flavors in coffees. Other dessert inspirations to consider in specialty coffees include red velvet and s'mores.



### 5. Chai (36%)

Chai typically consists of flavors like cardamom, cinnamon, cloves, ginger, nutmeg and pepper. This highly aromatic coffee flavor signals the growth of global influences in coffee beverages. Expect other ethnic flavors to appear in coffee beverages in the near future.



## FEATURED RECIPE:

# Salted Caramel Cafe

### INGREDIENTS

- Folgers Classic Roast® Coffee, brewed
- Smucker's® Caramel Platescapers®
- Creamer
- Whipped cream
- Coarse sea salt

### DIRECTIONS

1. **POUR** coffee into cup, filling approximately  $\frac{3}{4}$  full.
2. **STIR** in Caramel Platescapers® and creamer to taste. Top with whipped cream.
3. **DRIZZLE** with additional Platescapers. Sprinkle lightly with salt.



TECHNOMIC TAKEAWAY:

# 3 Areas of Opportunity for Traditional Coffee



## 1 Use the Seasons to Your Advantage

Major spikes in restaurant traffic can be attributed to the launch of many seasonal coffees. Featuring minty or gingerbread coffees in the winter, pumpkin spice- or maple-flavored coffees in the fall, light flavors such as lavender in the spring and s'mores-flavored or tropically inspired coffees such as coconut in the summer are ways to take advantage of seasonality in your coffee program.

**Stay tuned for our forthcoming issues on:**

- ▶ Regional Hispanic snacks
- ▶ Snackified entrees
- ▶ Rising stars in coffee

## 2 Customizable Flavorings

Consumption of regular hot coffee surpasses that of any flavored coffees. Thus, it's safe to say most consumers just want high-quality, unflavored coffee. However, for those who want flavored variations, finding easy ways to add flavors is key. Consider keeping flavored syrups on hand, or—for a more premium slant—fresh herbs and spices.

## 3 When Going Sweet, Think Natural

Sweets clearly trend the highest when it comes to traditional coffee flavors. However, with many consumers wanting better-for-you foods and beverages, operators should consider ways to create a health halo around sweeter traditional coffees. Using natural sweeteners in coffee, such as honey and maple, is one way to appeal to both crowds. Plus, these flavors are trending significantly on menus: mentions of honey grew 28.6% in specialty coffees year over year, and maple mentions are up 20%, per Technomic's MenuMonitor.