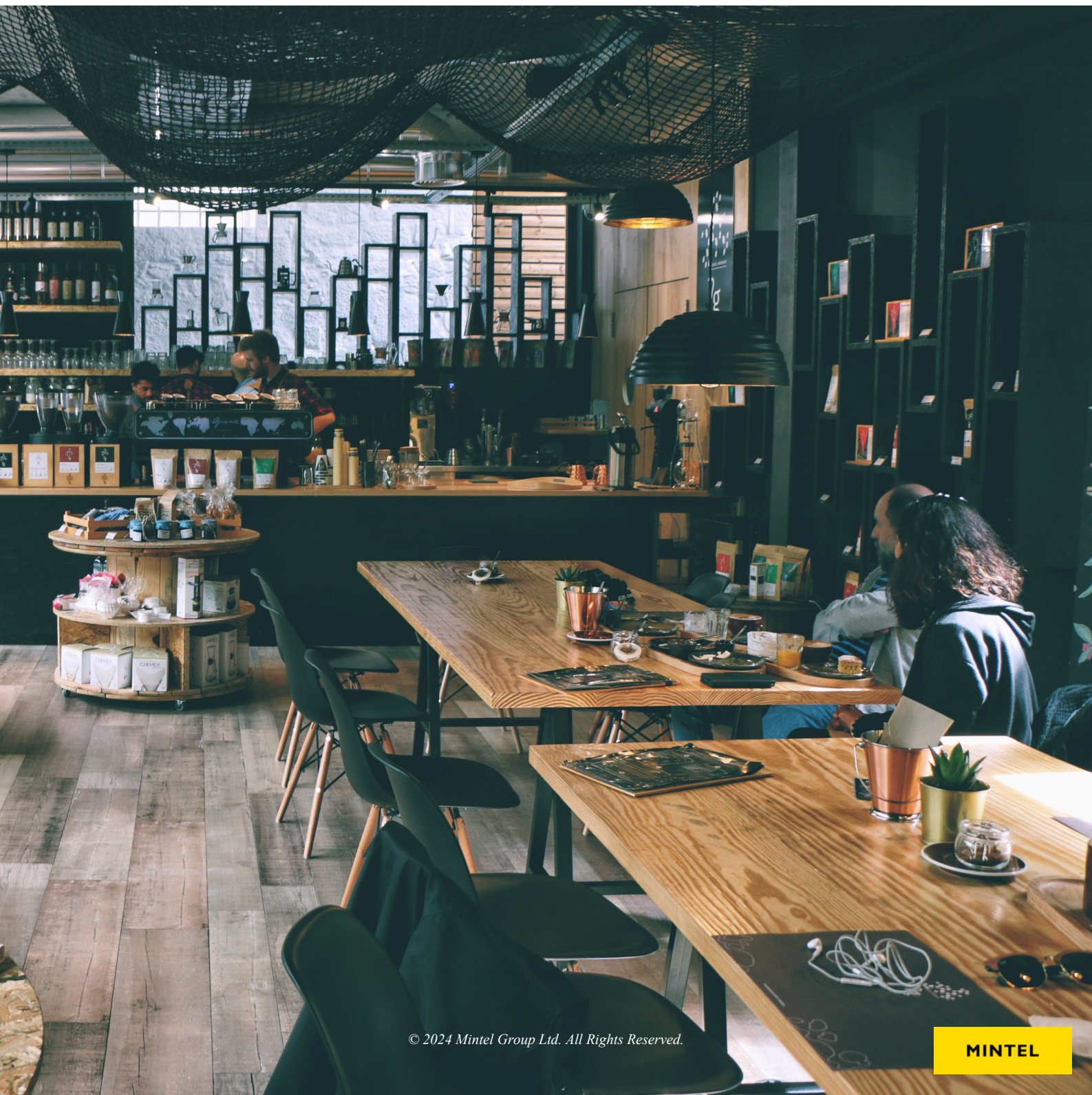


# COFFEE SHOPS – GERMANY – 2023

Amid the imminent expiry of the reduced VAT for eat-in food, coffee shops are well placed to lure consumers as an affordable foodservice option.



Eliana Riera-McInnes,  
Foodservice Research  
Analyst



# Coffee Shops – Germany – 2023

## This report looks at the following areas:

- Market drivers specific to coffee shops, including the impact of inflation and shifting consumption habits
- Venues visited to buy drinks, with four in 10 of Germans buying drinks from coffee shops
- Coffee shop sales channels, such as in-store or external sales points (eg vending machines)
- Types of drinks purchased from coffee shops, with coffee taking the lead
- Coffee drinking preferences at coffee shops, including type of milk, temperature and use of syrups
- Motivations to visit coffee shops, such as to get good-quality drinks, to meet with friends/family, or to take a break
- Behaviours towards coffee shops, including the importance of food options, willingness to pay more for barista-made drinks, and interest in coffee shop subscriptions and in decaffeinated drinks



Amid the imminent expiry of the reduced VAT for eat-in food, coffee shops are well placed to lure consumers as an affordable foodservice option.

## Overview

43% of Germans buy drinks like coffee and tea from coffee shops, peaking at 66% of 25-34s. Yet **the coffee shop market is threatened by non-specialists**; 53% buy drinks from venues other than coffee shops, with in-store outlets and bakeries dominating.

Amid rising prices, **coffee shop visitors are frequenting them less often to save (46%) and adopting trading-down behaviours**. The [upcoming expiry of the reduced VAT for eat-in](#)

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food\* could cause further cutbacks on food spend; however, it is also expected to attract Germans to coffee shops as an affordable foodservice option. **Bundle deals and affordable treats can support sales, with high-quality food offering an opportunity for growth.**

The cost-of-living crisis and hybrid work are fuelling at-home coffee consumption, to the detriment of coffee shops. **Putting a stronger focus on coffee shops' unique attributes**, such as barista-made, and the wellbeing benefits they provide (eg taking a break, socialising) can help counter this.

16-24s show less engagement at coffee shops than 25-34s. To better connect with them and protect the segment going forward, coffee shops can respond to their tendency to moderate their caffeine consumption by **innovating with no/low-caffeinated drinks** (eg tea, hot chocolate, decaf/low-caf coffee) and lure them in by **drawing inspiration from specialised pastry concepts.**

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# Report Content

## EXECUTIVE SUMMARY

- The five year outlook for coffee shops

### Market context

- Coffee shops are impacted by cutbacks, and also trading-down behaviors
  - Graph 1: money-saving efforts concerning coffee shops in the last 12 months, 2023
- Rise of home brewing poses a challenge, but studying/working at coffee shops and on-the-go consumption are helping counterbalance
- Caffeine moderation is discouraging coffee consumption among 16-24s
  - Graph 2: types of drinks purchased from coffee shops, by age, 2023

### Mintel predicts

- Coffee shops are well-positioned for continued growth
- Market size and forecast
- Value sales of coffee shops are expected to continue on a growth trajectory

### Opportunities

- Enhance the link between coffee shops and mental wellbeing
- Invest in non-coffee drinks...
- ...and in better decaf/low-caf options
- Leverage food options to boost sales

## MARKET DRIVERS

### The German economy

- Economic recovery to follow the slowdown in 2023
  - Graph 3: key economic data, in real terms, 2019-25
- The inflation rate is slowly bouncing back to more conventional levels
- Inflation is still the key factor affecting consumers' finances...
- ...confidence and expenditure
  - Graph 4: financial confidence index, 2022-23

### The impact of the economy on coffee shops

- After a spike, inflation in foodservice (including at coffee shops) is slowing, but remains high
  - Graph 5: inflation rate for food and drink in restaurants, cafés, bars and similar, 2023
- Germans are limiting their spending at coffee shops

## Coffee Shops – Germany – 2023

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- Graph 6: money-saving efforts concerning coffee shops in the last 12 months, 2023

- A return to 19% VAT for eat-in food may challenge food sales, but also attract Germans to coffee shops thanks to their relative affordability

### Shifting consumption habits

- More at-home consumption...
- ...is somewhat offset by a return to commuting and working/studying at coffee shops
- Germany's shifting Café-Kultur: are coffee shops still a third place?

### Technology

- Technology continues to support the industry amid staff shortages

### Climate change

- The future of coffee and coffee shops will be shaped by climate change, and how the industry adapts to it

### Sustainability

- A more-sustainable approach to coffee is a must...
- ...although it will also mean higher prices
- Environmental and animal welfare concerns to further boost more-sustainable milk options
- Amid reusable obligation, it will be up to coffee shops to cut back on waste

### Health and wellbeing

- The caffeine moderation trend is driving younger Germans away from coffee...
- ...but also a focus on quality over quantity, boosting specialty coffee

## WHAT CONSUMERS WANT AND WHY

### Venues visited to buy drinks

- Four in 10 Germans buy drinks from coffee shops...
- ...but in-store (supermarket) outlets and bakeries lead the market for all out-of-home drinks
  - Graph 7: venues visited to purchase drinks (eg coffee, tea), 2023
- The coffee shop market is threatened by non-specialists
- Fast food chains are a competitor to watch for
- Scope for encouraging 16-24s to connect with coffee shops
  - Graph 8: consumers who buy drinks from coffee shops, by age, 2023
- Independents and Tchibo lead Germans' choice of coffee shop
  - Graph 9: coffee shops visited to buy drinks, 2023
- Younger Germans opt for American-style coffee shops like Starbucks and Coffee Fellows
  - Graph 10: coffee shops visited to buy drinks, by age, 2023

### Coffee shop channel used to buy drinks

- In-store is the dominant sales channel for coffee shops
- External sales points like vending machines and drive-through resonate with younger Germans' busy lives...
  - Graph 11: channels (excluding in-store) used to buy drinks from coffee shops (eg tea, coffee etc), 2023
- ...and are expected to gain prominence
- Convenience should not compromise quality

### Types of drinks purchased from coffee shops

- Coffee tops Germans' favourite coffee shop drink
- Coffee's versatility has helped it become embedded in Germans' lives
- Most Germans stick to 1-2 types of drinks at coffee shops, but the younger they are, the more they seek variety
  - Graph 12: repertoire of types of drinks purchased from coffee shops, by age, 2023
- Coffee's popularity drops among the youngest Germans...
  - Graph 13: coffee shop users who buy coffee, by age, 2023
- ...who lead the demand for non-coffee alternatives
  - Graph 14: other types of drinks purchased from coffee shops (excluding coffee), by age, 2023
- Elevate non-coffee drinks like hot chocolate and tea as barista drinks
- Encourage trading up with premium chocolate drinks
  - Graph 15: types of drinks purchased from coffee shops, by financial situation, 2023
- Make coffee more accessible via combinations

### Coffee-drinking preferences at coffee shops

- A preference for classic coffee drinks at coffee shops reigns...
- ...but coffee-drinking preferences are changing
  - Graph 16: coffee preferences from coffee shops, all vs 16-34, 2023
- Interest in decaf remains niche, but there is scope to improve uptake
- Spur usage occasions at coffee shops with better decaf...
- ...and low-caf options
- Promote decaf/low-caf drinks by focusing on their uncompromising taste
- Leverage plant-based milk to limit coffee drinks' CO2 footprint
- Champion black coffee as a better-for-the-planet option...
  - Graph 17: carbon emissions per type of coffee drink\*, 2020
- ...that is also better for you
- Add value to black coffee with craft brewing methods...
- ...and coffee bean roasts/origins that best suit different types of drinks

### Motivations to visit coffee shops

- Coffee shops play a holistic role in Germans' lives
  - Graph 18: motivations to visit coffee shops, 2023

## Coffee Shops – Germany – 2023

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- Coffee shops allow Germans to relax...
- ...and enjoy a sense of community and belonging
- Enhance the link between coffee shops and mental wellbeing
- Put the focus back on the community
- Leverage coffee/drinks-focused experiences
- Boost dating occasions via collaborations with dating apps/sites

### Behaviours towards coffee shops

- Germans expect coffee shops to deliver on food just as much as on drinks
  - Graph 19: behaviours towards coffee shops, 2023
- A high-quality food offering is an opportunity for sales growth at coffee shops
- Add value to your coffee shop menu with hard-to-replicate food
- Align coffee shops with the localism movement via their food offering
- Tap into the appeal of permissible (food) indulgences
- Draw inspiration from specialised pastry concepts
- Capitalise on the potential of brunch
- Drive excitement by suggesting food and coffee drink pairings
- Coffee shop subscriptions show potential to loyalise those better-off
  - Graph 20: interest in joining a coffee shop subscription program, by financial situation, 2023
- Barista-made is a USP that Germans are willing to pay more for...
- ...calling for coffee shops to balance rising automation with valuable human interaction
- Foster deeper interaction between baristas and customers
- Boost the uptake of reusables by incorporating them into the sales process...
- ...and via convenient drop-off points

### LAUNCH ACTIVITY AND INNOVATION

- Amid higher prices, operators are delivering value-for-money indulgence
- Coffee shops targeting meal occasions with savoury food + drink deals
- Environment-focused initiatives remain a focus to limit coffee shops' footprint
- Seasonality lies in flavours rather than temperature, with cold coffee a constant
- Cold and fizzy coffee drinks on the rise
- World specialty coffee shop concepts bring excitement
- Wave of new lifestyle coffee shop concepts reach Germany
- Coffee shop retail products and services cater to rising at-home consumption...
- ...allowing coffee shop brands to become part of Germans' everyday lives
- Costa Coffee promotes its B2B offering at the Host Milano trade fair

## MARKET SIZE AND FORECAST

- Coffee shops' value sales recovered considerably in 2022 and 2023
- Coffee shops should see moderate growth in 2024...
- ...and going forward
- Coffee shop value sales are expected to grow between 2023-28

## APPENDIX

### **Appendix – products covered, abbreviations, consumer research methodology and language usage**

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- A note on language

### **Appendix – market size and central forecast methodology**

- Forecast methodology
- Forecast methodology – fan chart
- Market size – value
- Market forecast and prediction intervals – value



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