

RETAIL COFFEE AND RTD COFFEE – INDIAN CONSUMER – 2021

The time is ripe to cater to the demand for coffee with added benefits, especially for younger Millennials. Delivering value-added experiences at home will be key.



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Report Content

EXECUTIVE SUMMARY

- What you need to know
- Mintel's perspective

Market context

- Coffee sees evolved quality expectations from Indian consumers
- Consumers seek barista-style brews at home
- Cocooned lifestyle is changing the role of coffee in consumers' lives

What consumers want and why

- Consumers want: elevated indulgence at home
- Consumers want: holistic wellness
- Consumers want: exotic flavour and novelty RTD coffee

Opportunities

- Elevate the indulgence quotient to offer café-style at-home coffee experiences
- Offer functional health benefits and nutrition through coffee
- Harness the interest in mental wellbeing with adaptogens and nootropic ingredients
- Expand the scope of RTD coffee by offering experimental flavours and formats

Competitive landscape

- Market leaders extend their product lines to enter the premium coffee market
- The pandemic brewed up the battle of beverages
- Café brands enter the premium retail coffee market
- Cafés compete with packaged premium coffee brands

The impact of COVID-19 on retail coffee and RTD coffee

- The outlook for the Indian retail coffee and RTD coffee industry
- The marketing mix
- Innovate to offer more than just an instant pick-me-up energy boost

KEY TRENDS

- What you need to know

Global trends and how they are playing out in India

- Rise in intense at-home coffee indulgence

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- COVID-19 fatigue drives the need for mental wellness
- COVID-19 propels brands to adopt the DTC model
- Rise of DTC channels can fuel customisation in coffee

Key drivers

- Rising relevance of social media drives demand for visually appealing coffee
- Make coffee Instagrammable
- Focus on transparency and authenticity in communication
- Coffee brands highlight authenticity by riding the 'vocal for local' bandwagon

CONSUMER INSIGHTS

- What you need to know
- Indians embrace the burgeoning café culture
 - Graph 1: agreement with the statement "I would describe myself as a coffee enthusiast", by region, 2021
- Instant coffee remains the most popular format
 - Graph 2: consumption frequency of hot instant coffee with milk and filter coffee, 2021
- Premiumisation has potential amidst economic uncertainties
- Millennials are coffee enthusiasts, driving coffee consumption in India
 - Graph 3: daily consumption of different types of coffee, consumers aged 25-34 vs total, 2021
- Convert infrequent Millennial drinkers into daily consumers
 - Graph 4: consumption of different types of coffee, consumers aged 25-34, 2021

Driving coffee consumption among Millennials

- Besides sensorial experiences, younger Millennials seek holistic wellbeing from coffee
- Coffee NPD can focus on mental and emotional health to target Millennial women
- Health and indulgence can propel coffee consumption amongst Millennials
 - Graph 5: interest in indulgence-centric coffee product features, select by age, 2021
 - Graph 6: interest in health-centric coffee product features, select by age, 2021
- Make coffee permissible with nutritional and health benefits
 - Graph 7: % of coffee consumers who agree with the statement "I believe that coffee with a high amount of caffeine content is unhealthy", by gender and age, 2021
- Communicate flavour note parameters to counter caffeine concerns
- Brand loyalty and value for money remain the top levers for coffee consumption amongst Millennials
- Millennials seek premium coffee experiences
 - Graph 8: select important factors when purchasing coffee, by gender and age, 2021
- Aroma can drive coffee consumption and open up opportunities for premiumisation
 - Graph 9: % of consumers that show interest in coffee products featuring an exotic aroma, by age, 2021
- WFH lifestyle opens up opportunities for whole coffee beans

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- Opportunity to promote coffee as a flavour ingredient in cooking and baking
 - Graph 10: % of coffee consumers who agree with the statement "I like using coffee as an ingredient in recipes", by gender and age, 2021

Expand the market with Gen Z consumption of RTD coffee

- Gen Z consumes the least amount of coffee
 - Graph 11: % of frequent coffee consumers*, select by formats of coffee, 2021
- Recruit them young: transform Gen Z into a coffee loyalist
 - Graph 12: select by types of coffee consumed by frequent coffee consumers*, by age, 2021
- Currently low on consumption, opportunity exists for RTD coffee to target Gen Z
 - Graph 13: frequency of RTD coffee consumption, select by gender and age, 2021
- Make experimental flavours the new 'cool' in RTD coffee
- Highlight richer textures to drive consumption amongst Gen Z women
 - Graph 14: % of consumers who consider 'health-related features' when purchasing coffee, by age, 2021

Tap into the Uncommitted Tea-Coffee Consumers

- Who are the Uncommitted Tea-Coffee Consumers?
- Uncommitted Tea-Coffee Consumers are employed, affluent Indians dwelling in metro cities
 - Graph 15: % of coffee consumers who agree with the statement "I like both tea and coffee equally", by city tier, gender and employment, 2021
- Deliver good value to sway Uncommitted consumers towards coffee
 - Graph 16: top three factors that Uncommitted Tea-Coffee Consumers consider when purchasing coffee, 2021
- Unhealthy halo of caffeine hinders coffee consumption
- Compete with tea by offering nutritional benefits
- Amplify on self-indulgence to transform Uncommitted Tea-Coffee Consumers into coffee enthusiasts
 - Graph 17: Uncommitted Tea-Coffee Consumers' interest in select coffee product features , 2021

MARKET APPLICATIONS

- Opportunities: key focus areas

Elevate the at-home consumption experience with convenience and coffee enhancing products

- Cater to the needs of in-home baristas
- Offer budget coffee-making equipment
- Offer simple and convenient coffee-brewing tricks to make the at-home coffee experience special
- Foray into convenient coffee-elevating products to enhance the at-home coffee experience

Address the demand for holistic wellbeing

- Functional health claims is the next big trend in coffee
 - Graph 18: select functional health claims in coffee, 2017-20

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- Leverage the demand for functional health benefits
- Highlight ingredients that can offer focus, relaxation and stress relief

Drive demand for premiumisation

- Deliver value to justify premiumisation
 - Graph 19: % of new launches in coffee and RTD (iced) coffee with 'premium' claims, 2016-20
- Stand out by communicating your unique bean origin story
- Amplify the freshness quotient in coffee
- Get experimental with dessert flavours

Amp up messaging around aroma

- Aroma therapy can feed the mind
- Experiment with aromatic ingredients

Compete with tea

- Bru coffee competes with tea
- Harness the demand for health and nutrition in coffee
- Highlight nutrient-dense content to compete with tea
- Communicate coffee consumption to be a part of self-care routines
- Break the myth of coffee being an expensive beverage

Experiment with flavours and formats in RTD coffee to target Gen Z

- Limited launches highlight untapped potential for RTD coffee in India
 - Graph 20: number of RTD coffee launches, by top 10 markets, 2016-21
- Richer texture equates to elevated indulgence
- Be on-trend to drive relevance among Gen Z
- Innovate with hybrid formats that pique Gen Z's interest

Value add with ethical and sustainability claims

- Appeal to the 'woke' generation with ethical and environmental claims
 - Graph 21: top five environmental and ethical claims in coffee launches, 2016-21
- Nespresso Europe recycles its aluminum pods for a cleaner, greener planet
- Make your eco-friendly packaging evident
- Make an ethical addition

APPENDIX

- Report definition
- Consumer survey methodology

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02

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03

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