

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.



Tulsi Joshi, Senior Food & Drink Analyst, India



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

- 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

Retail Coffee and RTD Coffee – Indian Consumer – 2021

- 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

Retail Coffee and RTD Coffee – Indian Consumer – 2021

- 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

About Mintel India Consumer

Access our reports now and we'll tell you how major trends are affecting India. We also hone in on the regional differences from socio-economic groups to demographics such as age, gender and household composition. We research consumers in Metro and Tier 1 to 3 cities across the 4 main regions and in 6 local languages.

In each report, we're analysing the trends and the innovations, the behaviours and the influencers of consumers across India. Our local expert analysts then examining the primary research and consumer data and translating it into what it means for you.

- ✔ Find out what Indian consumers want, what they need and what influences their purchasing decisions.
- ✔ Understand the Indian market and see how it fits into wider trends on a local and global level.
- ✔ Take advantage of the gaps and opportunities that exist today, tomorrow and beyond.

How Mintel Indian Consumer will help your business grow:

01

Segment consumers across India according to their regional and demographic differences so you can target them more effectively.

02

Analyse the latest trends and innovations and see how they fit at a local level to identify opportunities for your next big idea.

03

See action-oriented summaries to understand an area quickly or investigate the data to get an in-depth understanding of your market.

BUY THIS REPORT NOW

€2600.00 | £2195.00 | \$2995.00*

store.mintel.com | store@mintel.com

Americas: +1 (312) 932 0400
China: +86 (21) 6032 7300
Germany: +49 (0) 211 3399 7411
India: +91 22 4445 1045
Singapore: +65 6653 3600
Thailand: +66 2 821 5122
UK: +44 (0) 20 7606 4533

*These prices are correct at time of publication, but are subject to change due to currency fluctuations.

MINTEL

Disclaimer

This is marketing intelligence published by Mintel. The consumer research exclusively commissioned by Mintel was conducted by an Indian licensed market survey agent ([See Research Methodology for more information](#)).

Terms and Conditions of use

Any use and/or copying of this document is subject to Mintel's standard terms and conditions, which are available at <http://www.mintel.com/terms>

If you have any questions regarding usage of this document please contact your account manager or call your local helpdesk.

Published by Mintel Group Ltd

www.mintel.com

email: store@mintel.com

Help desk

UK	+44 (0)20 7778 7155
US	+1 (312) 932 0600
Australia	+61 (0)2 8284 8100
China	+86 (21) 6386 6609
India	+91 22 4090 7217
Japan	+81 (3) 6228 6595
Singapore	+65 (0)6 818 9850