

## Contents

### Introduction & Abbreviations

#### INTRODUCTION

#### OTHER REPORTS OF RELEVANCE

#### DEFINITION

#### ABBREVIATIONS & TERMS

*Abbreviations*

*Terms*

#### EXECUTIVE SUMMARY

#### COFFEEHOUSES BREED COFFEEHOUSES

#### STILL A GROWING MARKET

#### GROWTH IN CHAINS AND INDEPENDENTS

#### KING STARBUCKS

#### PROFILE OF COFFEEHOUSE VISITORS

#### ATTITUDES TOWARD COFFEEHOUSES

#### THE FUTURE OF THE COFFEE SHOP MARKET

#### FORECAST

#### MARKET DRIVERS

#### COFFEE CONSUMPTION AT HOME VERSUS AT COFFEEHOUSES

Figure 1 U.S. retail sales of coffee through FDM\* and through coffeehouses, 1998-2003

*Coffeehouse Culture-Quality of Coffee*

*Coffeehouse Culture-Variety of Beverages*

#### COMPETITION FROM OTHER RETAILERS

Figure 2 Places to get coffee, November 2003

#### READY-TO-DRINK COFFEE BEVERAGE CONSUMPTION

Figure 3 Sales of RTD coffee beverages through FDM\*, 1998-2003

#### SKIPPING BREAKFAST

#### DEMOGRAPHIC FACTORS IMPACTING THE MARKET

Figure 4 Incidence of visiting coffee shops in the last 7 days by key demographics, November 2003

*Age*

Figure 5 U.S. population, by age, 1998 and 2003

*Ethnicity/Race*

Figure 6 Number of U.S. households, by race/ethnicity, 1998 and 2003

*Educational Attainment*

*Geographic Shifts*

#### MARKET SIZE & TRENDS

Figure 7 Total U.S. retail sales at coffeehouses, at current and constant prices, 1998-2003

Graph 1 Total U.S. retail sales at coffeehouses, at current and constant prices, 1998-2003

Figure 8 Number of U.S. coffeehouses, 1998-2003

#### MARKET SEGMENTATION

Figure 9 Number of coffeehouses, segmented by chains and independents, 2001 and 2003

Graph 2 Percent of coffeehouses that are independents, microchains and chains in 2003

#### RETAIL DISTRIBUTION

#### COMPANIES AND BRANDS

Figure 10 U.S. and Canadian coffeehouses, # of locations and sales, by company, 2001 & 2003

Figure 11 Estimated number of locations and total revenues\* by company, 2003

*Starbucks*

*Caribou Coffee*  
*Diedrich Coffee, Inc.*  
*Coffee Beanery*  
*Seattle Coffee Company*  
*Coffee Bean & Tea Leaf (International Coffee and Tea)*  
*Tully's Coffee Corp.*  
*Peet's Coffee & Tea*  
*Barnie's Coffee & Tea*  
*CC's Coffee House (Community Coffee Company)*

## **INDEPENDENTS**

ADVERTISING & PROMOTION

## **INTRODUCTION**

### **STARBUCKS**

### **OTHER**

THE CONSUMER

## **INTRODUCTION**

### **PLACES COFFEE IS CONSUMED**

Figure 12 Where respondents get coffee, 2001 versus 2003

Figure 13 Where respondents get coffee, by key demographics, November 2003

### **ATTITUDES TOWARD COFFEEHOUSES**

Figure 14 Attitudes toward coffeehouses, November 2003

Figure 15 Attitudes toward coffeehouses, by gender, November 2003

Figure 16 Attitudes toward coffeehouses, by age, November 2003

Figure 17 Attitudes toward coffeehouses, by household income, November 2003

Figure 18 Attitudes toward coffeehouses, by region, November 2003

Figure 19 Attitudes toward coffeehouses, by urban status, November 2003

### **FREQUENCY OF VISITING COFFEEHOUSES**

Figure 20 Frequency of visits to coffeehouses, by key demographic variables, November 2003

### **AVERAGE WEEKLY SPEND AT COFFEEHOUSES**

Figure 21 Average weekly spend at coffeehouses, by key demographics, November 2003

### **WHERE COFFEEHOUSE BEVERAGES ARE CONSUMED**

Figure 22 Where coffeehouse beverages are consumed, by key demographics, November 2003

### **INDEPENDENTS VS. CHAINS**

Figure 23 Incidence of visiting independent versus chain coffeehouses, by key demographics, November 2003

### **FREQUENCY OF PURCHASING FOOD AT COFFEEHOUSES**

Figure 24 Frequency of purchasing food with coffee at coffeehouses, by key demographics, November 2003

### **CHOOSING BETWEEN COFFEEHOUSES**

Figure 25 Reasons for visiting one coffeehouse over another, November 2003

Figure 26 Reasons for visiting one coffeehouse over another, by gender, November 2003

Figure 27 Reasons for visiting one coffeehouse over another, by age, November 2003

Figure 28 Reasons for visiting one coffeehouse over another, by household income, November 2003

Figure 29 Reasons for visiting one coffeehouse over another, by marital status, November 2003

Figure 30 Reasons for visiting one coffeehouse over another, by urban status, November 2003

## **CONCLUSIONS**

### **FUTURE & FORECAST**

#### **FUTURE TRENDS**

*Continued Expansion of Retail Sites*

*Decreased Consumption of Coffee at Home*

*Demographic Variables*

Figure 31 U.S. population projections, by age, 2003-2008

*Hispanic Growth*

Figure 32 Projected number of U.S. households, by race/ethnicity, 2003-2008

*Coffeehouse Nation?*

*Evolution Into Fast-Casual Restaurants?*

## **FORECAST**

*Forecast-continued strong but diminished growth*

Figure 33 Forecast of total U.S. retail sales at coffeehouses, at current and constant prices, 2003-2008

Graph 3 Forecast of total U.S. retail sales at coffeehouses, at current and constant prices, 2003-2008

*Forecast Factors*

### **APPENDIX: Trade Associations**

### **APPENDIX: Research Methodology**

### **CONSUMER RESEARCH**

*Sampling & Weighting*

*Presentation & Definition*

*Further Analysis*

### **TRADE RESEARCH**

*Informal trade research*

*Formal trade research*

### **DESK & INTERNET RESEARCH**

### **SOURCES**

### **DEFINITIONS**

### **FORECASTS**

### **APPENDIX: WHAT IS MINTEL?**

### **MINTEL PUBLICATIONS**

### **MINTEL SERVICES**

*Product retrieval*

*Retail audits*

*Tailored research*

*Global New Products Database*

### **RESEARCH SUPPORT/CONSULTANCY/MIC**

*The Mintel Information Centre (MiC)*

*PR Research*

**US, UD February 2004**