

Coffee Category Research Project

Introduction

Coffee is the lifeblood of most adults. It's a way of functioning through a work day, a way of catching up with friends and family, a habit, a hobby, a passion and a hugely lucrative opportunity for those exploiting it.

Very little has changed in the coffee industry in recent times except almost everything.

Yes, instant coffee still sells remarkably well in supermarkets, coffee shops and cafes have lines out the door every morning and the key ingredients of a good cup of coffee (bean and milk) have remained pretty much the same. But at the same time, specialty coffee is beginning to sell just as well (including cups that can go for \$9 each), home espresso machines have replaced queues, lactose alternative milks are common in every cafe, cold brew coffee with nitrogen bubbles is available and takeaway coffee cups have been shunned for their impact on the environment.

Coffee is still the elixir of our working and social lives, but the industry landscape has changed dramatically.

This research paper will look at the way a hot cup of coffee is transported. Not supply chains, but the drinking vessel. The company behind the research wants to understand if a 20oz coffee tumbler will sell. Questions such as:

- Who should we target?
- Why will they buy it?
- What challenges will the product solve for them?

Coffee Niches

The coffee category is broken down into several buyer personas. They're all coffee lovers, but the way they buy coffee related products differ based on their niche. For example, a traveller loves their coffee and they don't want to drink bad coffee when they travel, so they'll take a hand grinder on their travels, an AeroPress and their favorite cup. The taste of the coffee is important, but so too is the practicality of taking the items on their travels. Will the cup fit in their bag? Will it break? Will it get through customs? Is it easy to clean?

Their buying motivations are different from those of a doctor who wants a great looking cup for his office that is easy to clean, keeps the coffee hotter for longer and can be used at takeaway spots. However, some of these niches could

crossover. For example, a traveller might also choose to take a cup with them on their travels because it also reduces the impact on the environment.

1. Adventurers, travellers, coffee lovers

As the example earlier hinted, travellers and adventurers have their own coffee niche and lots of products already cater to them. This niche is made up of both young and old travellers who want good coffee on the go in their favourite tumbler. These are the types of questions they'll be asking before making a coffee cup, mug, equipment purchase:

- How can I get a good coffee while backpacking without buying takeaway coffee all the time?
- I have a strict travel budget, how can I justify this cost?
- I won't always have access to power, how can I get a good cup of coffee?
- I won't always have access to hot water, how can I clean my cup, mug, tumbler?
- Will the tumbler fit in my bag?
- Will it stack in the campervan?
- Does it keep the coffee hot for a long time?
- Can the cup, mug, tumbler also be used for tea, water and alcohol?
- Is it durable? Will it stand up to the rugged outdoors and the rough airport luggage treatment?
- Is it leakproof, will it spill?

Examples of brands that cater to this niche include:

- Yeti
- Oxo
- Thermos

Sub-niches within the adventure niche

The core problem to consider for this niche, is whether a reusable cup has enough utility value to compel them to buy. This niche is more money-conscious than others and is much more likely to research options thoroughly than others.

a. Domestic camper

A domestic camper travels predominantly in their own country. They may tent, they may have a campervan, but they are fastidious in their preparation and planning. However, space in a car, campervan or bag is a premium, therefore they only choose items that they can't travel without or are multi-purpose. A reusable coffee cup must have more uses than coffee to appeal to this sub-niche. The reusable cup could be used for soup, water, mixing protein drinks, tea and so on. It might need to keep liquids cold and hot. These campers aren't going to go near a cafe (aside from while they're on the road, because they'll be in the wilderness), so they're not

going to make room for a coffee cup solely for a nice cappuccino on the go. Even though this persona has committed to budgeting sensibly (perhaps they travel domestically only because they're frugal) and packing sensibly, this is still the most likely buyer from the identified sub-niches.

b. International backpacker

This group is unlikely to need a reusable coffee cup (even if they fit all the other niche criteria). It's not worth the hassle of taking internationally, cleaning in hostels with bottled or boiling water and coffee will probably play a secondary part to alcohol.

c. International jetsetter

This group is also unlikely to need a reusable cup. They'll be wined and dined at cafes and restaurants and have their coffee not to take out. There won't be space in carry on or checked luggage and quite frankly, they may not even mind about the impact their coffee cup choices are having.

2. Creatives, trendsetters, coffee lovers

This group are almost exclusively choosing their coffee drinkware based on the aesthetic. They're not shopping for cheap, reusable coffee cups. They want a statement piece that they can show off in their homes or their workplaces. How the coffee tastes is secondary to how the vessel looks.

The creatives are impressionable (.e.g. Prone to impulse buying and influence from others in magazines and social media. They are likely to have hobbies around home decor, fashion and gastronomy.

These are the types of questions they'll be asking before making a coffee cup, mug, equipment purchase:

- What is the brand?
- What is the material?
- What is the colour?
- Will it match other cutlery and cookware?
- Who else is using it?
- Can it be personalised (like Nike ID shoe creation)

Examples of brand that cater to this niche include:

- [Kinto](#)
- [Claska](#)
- [FrankGreen](#)

3. Baristas, purists and classic coffee lovers

Coffee snobs. Those who want their single-origin extracted in a precise way and served at exactly the right temperature. They're a niche because they care far more about what a mug will do to the taste and temperature of a coffee than the look of it. The brands behind the products that service this niche are likely to be baristas themselves; solving a real problem in their lives (it's not a problem for most people).

This niche will care about how the product is made, how it interacts with their existing equipment and machinery and potentially where it is made (see the prevalence of Japanese brands below). It's likely to be a smaller niche, but could expand as more and more people care about the ethical supply chains of their consumer purchases and as they chase the best tasting coffee in the world (i.e. why waste time on bad coffee when speciality coffee exists).

These are the types of questions they'll be asking before making a coffee cup, mug, equipment purchase:

- What temperature will it keep my coffee at?
- How will it alter the taste of my coffee?
- Does it work for cupping?

- Can it be used with my drip filter?
- Can I travel with it?
- Is it easy to clean?
- Does my favourite grinder, drip filter brand have a reusable cup

Examples of brands that cater to this niche include:

- Hario
- Kaico
- Arita
- Kalita Wave
- Ember

4. Sustainability, environment, coffee lovers

These are the types of questions they'll be asking before making a coffee cup, mug, equipment purchase:

- What is it made out of?
- What are the sustainable initiatives of the makers?
- How does this help reduce waste?
- Does the lid work? I.e. Will it leak?

- How hot is it to touch?
- How does it look?
- Will it get me a discount on my takeaway coffee?
- How easy is it to clean?
- How many different sizes are there?
- Will it fit in my car or pram cup holder?

Examples of brands that cater to this niche include:

- [KeepCup](#)
- [Joco Cups](#)
- [Ecoffee](#)

Sub-niches within the adventure niche

a. Commuters.

This sub-niche is an interesting one. Some commuters travel in their car — and there is a definite space for a reusable coffee cup in their car, but the coffee sequencing is hard to predict:

- Will they make their first cup at home, then buy one out and then make one at the office?
- Will they buy their first one out and then make others at the office?

- Will they make their first cup at home and then make others at the office?

That journey determines what type of cup they need. One that fits in a car cup holder, one that can be cleaned easily before taking it to the cafe (i.e. dishwasher), one that doesn't get forgotten and left at the office and one that has temperature control.

If they walk or bike to work, then the cup must fit in a bag easily. Upright too probably so it doesn't spill if it hasn't been cleaned or finished.

If they take the train or subway (and don't take a bag), it needs to be collapsable and fit in a jacket pocket with no spills or damage.

b. Students

Like the commuters, this sub-niche mix between buying coffee out and about and making one at home. But they typically drink many cups over the course of a study day. They're likely to be price sensitive, but they're younger and part of the generation hell-bent on saving the planet, so they'll invest in a good reusable cup (or ask their parents to gift it to them). Students have the same bag space and leak worries. They're also likely to hunt for the cheapest coffee in town and may even have the coffee in the cafe (and study at the same time) rather than taking away.

This sub-niche loves gamification, so brands could consider combining the physical product with a reminder app or a rewards app (everytime you log a takeaway coffee with your cup, you get reward points etc.).

c. Conscious Consumers

Not only does this niche care for the planet, they also care for well made craft products that are made by brands with a purpose. They support brands that make a positive impact on their community (i.e. buy one, give one business models). They research the company to ensure the supply chain is ethical. They care about the materials used in the construction of the product. They're likely to shop at refill stations or refilleries. They're likely to be charitable in nature and highly opinionated and influential in their networks.

Product Research

The company behind this research paper is looking to develop, source and sell a 20oz stainless steel coffee tumbler. They're interested in the market size, the key target audience persona, current competitors and go to market strategies.

A 20oz stainless steel tumbler isn't new or novel. Therefore, to be successful the company must understand the market completely (including customer pain points with existing tumblers) and develop a strong brand that can help the tumbler stand out.

The following section answers the questions above and gives guidance for launch.

Market Size

Total Coffee Cup Market

North America was the largest consumer market with a market share of 15.38% in 2011 and 16.17% in 2015 with an increase of 0.79%. UK and France ranked the second and third markets with the market share of 10.86% and 9.11% in 2015.

Coffee cups are widely used in café, restaurant, companies, home, etc. As the demand increases rapidly with higher spending propensity and a rising demand for coffee in emerging regions, such as in China, the demand for coffee cup is expected to continue increasing during the remaining years of the forecast period of 2016-2021. Coffee cup industry will usher in a stable growth space.

Nowadays, the top three companies make up more than 20% market share of the Coffee cup market in 2015, and the world's large enterprises are mainly concentrated in USA. The top three manufacturers are Dixie Paper Products, Hefty and Snapcups. They respectively with global production market share as 10.18%, 7.65%, and 5.22% in 2015.

The Coffee Cup market has been increased in accordance with the economy development and the higher life level of the people. Meanwhile, the environmental awareness is an important factor of the increase of the industry. With the fierce competition of the market, the manufacturers are had better make sure that their product with high performance and quality, with the good services level. Following the market trends, access to greater competitive advantage, concerning more on their RandD and services to get a bigger market share.

The worldwide market for Coffee Cup market is expected to grow at a CAGR of roughly 3.2% over the next five years, and will reach 1490 million US\$ in 2024, from 1230 million US\$ in 2019.

Reusable Coffee Cup Market

The reusable coffee cup market size isn't available. That's largely because the market is new and so many of the current companies occupying space in the

market are private and sales information isn't readily available. However, there is anecdotal and secondary research which provides an analysis as to how profitable the companies are. See sources below.

Sources:

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- <https://www.insanegrowth.com/keys-to-scale-abigail-forsyth/>

Global Travel Mug Market

The global Travel Mug market was valued at million US\$ in 2018 and will reach million US\$ by the end of 2025, growing at a CAGR of during 2019-2025.

Ideal Target Audience and Persona

- 20-40
- Drinks two cups of coffee a day (sometimes three). Two of them on the road.

- Has a favourite roaster, machine and cafe.
- Heavy traveller (both domestic and international)
- Uses the tumbler for 70% of their coffees (at home or on the road)
- Values the environmental decision but isn't the sole purchasing driver.
- Wants a cup that will last for a long time. Values durability.
- Appreciates good design and engineering

Current Customer Pain Points

The questions under each of the target niches above outline the potential pain points that customers have with current reusable or travel coffee cups. They can also be categorised into the following sections:

Temperature

- Will it keep my coffee hot enough?
- Does it keep liquids cold too?
- Is it hot to touch?
- Will it cause condensation with a lid on?

Taste

- How will the tumbler affect the taste of the coffee?
- Will it taste metallic?

- Will the barista be able to adjust to the size of the cup?

Aesthetic

- How does it look?
- How does it make me feel when I'm drinking from it?

Function

- Does it have a lid?
- Can I sip the coffee with the lid on and off?
- Does the lid leak?
- Is the lid easy to put on?
- Is it easy to clean?

Habit

- How will I remember it?

Sources:

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- https://www.reddit.com/r/Design/comments/cwjnbn/this_is_a_very_well_designed_reusable_coffee_cup/
- <https://ask.metafilter.com/321605/Give-me-your-reusable-coffee-cup-recommendations>
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