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Not Just Another Cup Of Coffee

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The dynamic growth and diversification of the coffee industry highlight the rise in popularity of ... [+] GETTY

Coffee, latte or..... Ethiopian Yirgacheffe? Or how about Colombian geisha? While coffee may be ancient, the number of choices is fueling growth from Starbucks SBUX -1% to specialty blends.

Chances are you don't have to look far from your kitchen to realize that coffee is flowing and growing in sales and selection nationwide and globally.

If standard coffee isn't your cup of, well, coffee, that hardly matters these days. Bean there, done that? The explosion of products and flavors is injecting a steady flow of new options. Starbucks' sales are soaring, supermarkets are adding coffee bars, and new products are being rolled out. High-end, specialty blends are turning what was once a sleepy commodity into, if not a delicacy, close. Carly Simon once sang about clouds in her coffee. Even she might see sunshine there today.

If you love coffee, it is becoming difficult to count the ways. In addition to Cold Brew and Nitro Cold Brews, there are Matcha Lattes, Ready-to-Drink Coffees, Snapchilled Coffee, and Dalgona or Whipped Coffee. And that's just a start. Selection is driving demand, but so is convenience. Brewing methods like AeroPress and siphon are catching on as contemporary coffee reinvents itself.

“Coffee continues its reign as America's favorite beverage, “ National Coffee Association CEO William Murray said recently. “And we expect that to continue.”

The sector is spurring everything from start-ups to acquisitions to cash in on coffee culture. Sprouts Famers Market recently partnered with Press Coffee to open four more Press Coffee locations inside Sprouts stores. Meanwhile, Atomo Coffee is launching its “beanless coffee” brew made with “the same molecular structure” as coffee. Once a product, coffee is now a portfolio and one of the hotter areas of the F& B industry, even as competition sharpens.

The National drink



Coffee production thrives as America's daily ritual embraces the bean, from morning lattes to ... [+] GETTY

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Coffee as a crop, at least so far, continues growing as farmers cash in despite climate change, which could pose a threat. “World coffee production for 2023/24 is forecast to be 4.3 million bags higher than the previous year to 174.3 million,” according to a USDA report issued last year.

Coffee has a place in many Americans' daily routines. More Americans drink coffee daily (63%) than any other beverage, including water, according to the National Coffee Association (NCA).

Home coffee consumption reached 82 percent in 2023. In-office coffee consumption rebounded to pre-pandemic levels, with 36% of Americans having coffee at the office, as a partial return to the office occurred. Americans begin their day with coffee, waking up with caffeine. About 81% of American coffee drinkers have coffee with breakfast, 15% with lunch, 19% in the afternoon, 7% with dinner and 10% in the evening. There is an opportunity for growth in the afternoon, but when it comes to breakfast, coffee is king.

Lattes are the most popular espresso-based beverage consumed by 18% of Americans in the past week, followed by espresso at 16%, and cappuccinos at 15%, according to the NCA. Flavor is fueling growth. About 30% of Americans had flavored coffee in the past week, according to the group. Vanilla is the most popular, while caramel and hazelnut are tied for second, followed by mocha.

Coffee Company Acquisitions

More companies are boosting coffee operations, from Coca-Cola KO 0.0%, which acquired

Costa Coffee, to Chobani, which ended 2023 by announcing it is buying La Colombe for \$900 million. Chobani has gotten into oat milk, cold-brew coffee, probiotic beverages, and coffee creamers.

“The purchase gives Chobani a deep presence in the fast-growing ready-to-drink coffee category,” according to Food Dive.

Starbucks' Stellar Season XLM 0.0%

Starbucks may be synonymous with coffee in the United States, but it is also a big brand globally. In 2023, global comparable store sales surged 8%, while comparable US store sales increased 9%.

The company reported full-year consolidated net revenues rose 12% to a record \$36.0 billion, up 14%. It earned more than \$4.1 billion, up nearly 12 percent from the prior year.

Cold is Hot

If coffee sales are heating up, cold brew coffee is also definitely hot. The NCA said cold brew popularity has skyrocketed 300% since 2016. Companies from Schnobs to Cove Coffee, Slingshot Coffee to Grady's, and High Brew to Nestle are all playing in the space.

Ready to Drink



Corporate coffee continues expanding, and there's a chilly trend with cold brew sales. GETTY



The US ready-to-drink coffee market surges with projections to reach \$8.61 billion by 2029 GETTY

Coffee companies are thinking outside of the cup, as RTD has become among the three biggest letters when it comes to caffeine, including coffee-infused energy drinks. The US ready-to-drink coffee market was about \$6.46 billion in 2024 and is expected to hit \$8.61 billion by 2029, according to Mordor Intelligence. That’s a nearly 6 percent annual growth rate.

“RTD coffee is a popular grab-and-go option,” according to one expert’s take. “Its biggest appeal is its convenience.”

Starbucks commanded a 41 percent market share in RTD as of mid-2022, according to Statista. Stok was second at about 21 percent.

Machine Market

While coffee is growing, so is the coffee machine sector, in what amounts to an equipment explosion. Drip coffee makers are the most popular and are used by 40% of past-day coffee drinkers,

according to the NCA. Second is single-cup brewers at 27%, then cold brewing at 16%, and espresso machines at 11%.

“The United States is experiencing a surge in demand for high-end coffee machines as consumers seek to recreate cafe-quality beverages at home,” according to Statista.

The coffee machine industry in the United States was projected to reach about \$3.7 billion, the largest in the world, by 2024 and grow 2.35 percent a year through 2028, according to Statista.

Subscriptions Sell

The global coffee subscription market as of 2022 was about \$685 million, expected to reach nearly \$2 billion in a decade. According to Fact.MR, the “rise in competition has pushed established manufacturers to focus on brand loyalty, which has led to the introduction of coffee subscriptions.”

Subscriptions grew at an annual rate of 11.5 percent from 2017 to 2021, delivering coffee and convenience, according to that site. Driftaway

Coffee touts coffee from around the globe; Amazing Clubs offers 100 percent Arabica beans, and Blue Bottle sells espresso blends and single origins. Meanwhile, Intelligentsia offers organic beans sourced from Africa and South America.



The coffee subscription market is booming, expected to grow from \$685 million in 2022 to nearly \$2 ...

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The days of instant coffee (for those who remember) are long gone, and innovation and consumer preferences have fueled tremendous growth. So the old saying, “Let’s have another cup of coffee,” has now become, “Let’s have another cup of what type, where should I get it, what flavor, cold or hot, infused or not...coffee.”

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