

## Coffee, Tea & Drink Ingredients

December 5, 2013

### 700 MILLION CUPS OF COFFEE CONSUMED AT CONVENIENCE STORES

The "freshly brewed coffee" market at convenience stores are expanding. The estimated total sales volume of 2013 of five major companies including Seven Eleven Japan etc. is said to exceed 700 million cups. More consumers are "purchasing coffee at convenience stores" from its reasonable price of 100-yen level per cup. It could surpass the record-high domestic consumption volume in 2013.



Seven Eleven in Tokyo



FamilyMart in Tokyo

Circle K Sunkus added coffee machines to all 6300 stores by August 2012. Seven Eleven began selling the 100-yen per cup "Seven Cafe" on a full scale from January 2013, taking in females and elderly customers in addition to males that use convenience stores more often.

At May of this year, Seven Eleven made an upward adjustment of 36% to 450 million cups for their annual sales target from the original plan. Seven Eleven has become the top coffee selling chain, passing McDonalds Japan with annual sales of 300 million cups. The 5 stores that sell freshly brewed coffee including Lawson, FamilyMart, and Ministop will triple to 43,000 stores by the end of February 2014 compared with the previous year.

Domestic coffee shops that peaked in 1981 dropped to nearly half from 150,000 stores. "Convenience stores are an alternative for cities without cafes" (Mr. Genichi Tamatsuka, Lawson COO). Lawson will expand "Machikado Chubo (Street Corner Kitchen)" that makes food such as cutlet sandwiches inside the stores to 5,000 stores by spring 2015. FamilyMart is also increasing stores that allow customers to eat and drink inside.

According to All Japan Coffee Association, the domestic consumption volume from January to September was a year-on-year increase of 4% to 334,500 tons. "The contribution of convenience stores is big" (Mr. Toyohide Nishino, Managing Director). If this number continues to grow, there is a possibility of exceeding the record high of 438,300 tons in 2007. Beverage makers and cafe chains are also planning counter measures. Coca Cola began to sell "LUANA," coffee in small sized 280 ml bottles that target females in their 20s-30s. Customers that stopped by at cafes on their way to work are "now moving to convenience stores that are much faster and easier to buy." Cafe chain store, Pronto Corporation began selling bigger sized cafe latte "Asa no Late (Morning Latte)" at 300-yen level from October.

## Coffee Import Statistics

Raw coffee bean import volume to Japan by country is as follows. The table below shows the top 18 countries over the past 3 years. The number of countries is over 40. Until 2011, Brazil, Colombia, and Indonesia accounted for over 60% of the total. In 2012, Brazil, Vietnam, and Indonesia accounted for over 60%.

### Import Volume of Raw Coffee Beans to Japan by Country

(Unit: t, Yen/kg)

Country Name	2010		2011		2012	
	Quantity	Unit price	Quantity	Unit price	Quantity	Unit price
Brazil	123,073	266	131,455	369	121,438	375
Vietnam	54,737	143	52,909	201	75,725	182
Indonesia	59,068	182	62,358	239	48,200	238
Colombia	79,060	390	64,481	519	46,112	416
Guatemala	34,180	351	37,749	465	29,031	417
Ethiopia	10,245	325	8,030	392	11,285	334
Tanzania	10,486	350	11,067	475	10,657	394
El Salvador	5,758	329	10,679	381	6,827	437
Laos	1,723	288	6,427	351	6,529	416
Honduras	6,333	304	8,136	455	6,441	379
Nicaragua	3,058	339	3,813	466	3,149	395
Papua New Guinea	7,643	329	5,091	488	2,546	374
Costa Rica	3,960	411	2,629	567	2,187	609
Mexico	2,865	327	3,858	500	1,798	387
Peru	3,323	342	3,367	464	1,689	383
India	772	239	499	243	1,505	226
China	361	277	506	472	1,484	291
Uganda	238	200	459	211	514	251
Total	410,530	283	416,805	375	379,982	333

Source: Ministry of Finance "Trade Statistics"

Next is the import volume of regular coffee and instant coffee to Japan by country. Recently, foreign affiliated cafes are increasing import for regular coffee. The import

volume in 2012 was 8801 tons in terms of raw beans, 2.1% of the total volume. Also, there are finished products for consumers and middle products with instant coffee. The import volume of 2012 was 26,887 tons in terms of raw beans, 6.4% of the total.

## Regular Coffee

(Unit: kg, Yen/kg)

Country Name	2010		2011		2012	
	Quantity	Unit price	Quantity	Unit price	Quantity	Unit price
USA	2,783,610	777	2,826,742	907	3,611,218	1,057
Brazil	956,023	750	945,439	778	851,591	745
Colombia	387,635	1,150	372,318	1,005	609,309	1,056
UK	212,220	1,569	355,768	1,773	511,050	1,873
Switzerland	280,656	5,742	348,209	5,787	398,143	2,766
Guatemala	231,596	858	189,502	1,024	373,377	1,053
Vietnam	409,954	319	364,334	382	257,825	276
Total	6,311,279	1,065	6,303,225	1,232	7,395,590	1,165

Source: Ministry of Finance "Trade Statistics"

## Instant Coffee

(Unit: kg, Yen/kg)

Country Name	2010		2011		2012	
	Quantity	Unit price	Quantity	Unit price	Quantity	Unit price
Brazil	3,771,888	684	4,317,565	670	5,208,592	751
Korea	139,225	1,196	524,394	904	1,414,681	707
Vietnam	111,760	599	349,764	637	658,322	639
India	144,464	724	364,541	649	598,749	627
Mexico	254,552	969	265,379	1,016	564,492	1,043
Colombia	668,214	1,728	576,183	1,770	528,411	2,437
Ecuador	705,837	798	544,659	782	464,910	761
Total	7,444,560	928	8,274,098	877	10,340,779	916

Source: Ministry of Finance "Trade Statistics"