Coffee, Tea & Drink Ingredients

February 9, 2015

Recent Trends of Coffee -Import of Green Coffee Beans Expands to 450,000 Tons Per Year-

The number of countries exporting green coffee beans to Japan stretches out to over 40. The top 5 countries are Brazil, Vietnam, Indonesia, Colombia, and Guatemala, accounting for nearly 60% of the total import volume in recent years. Other countries are rich in variety including Ethiopia, Tanzania, El Salvador, Honduras, Laos, Nicaragua, Papua New Guinea, Peru, Mexico, Uganda, Costa Rica, Kenya, Jamaica, Rwanda, India, the Dominican Republic, Yemen, and Cuba .

The volume of green coffee beans marked a record high of 457,000 tons in 2013. The figures for January - October, 2014 dropped to 350,287 tons from the previous term. This drop reflects the consumption tax rise in 2014 and consumers stocking up in advance. Therefore, it does not imply a decline in popularity of coffee. In fact, coffee is gathering more attention in Japan and consumers have more opportunities to drink coffee. One of the biggest factors contributing to the recent rise in import volume is the growth of business-use coffee in convenience stores and the upward trend of home-use coffee.

As for ground coffee beans, the handy bag-type dripper is driving market growth. In the ground coffee beans category, Japanese companies are putting effort into single-serving drippers and small or medium sized products. This is due to the fact that the number of members in the household is decreasing, and there are more consumers demanding professional coffee. Consumers are supporting the handiness of drip brewing and it is a growing market that young customers could also enjoy.

The Consumption of Coffee in Japan

All Japan Coffee Association conducted a "Basic Survey on Coffee Demand Trends" targeting people from middle school to age 79. The average number of cups consumed per week by those people was 10.73. Drinking at home (6.85 cups) and drinking in the workplace (2.56 cups) accounted for 88% of the total. The number consumed in cafes and restaurants was rather small. By age, people between 40-59 were the biggest consumers, drinking an average of 14.37 cups per week. Those who are 60 years or older and 25 to 39 years old are consuming almost the same at 11.7 cups and 11.35 cups respectively. How to increase consumption among people in the age of 20-39 is an issue that the industry must tackle.

The survey below was made in 2012, and since then consumption volume of coffee has been increased.

◇ Consumption By Coffee Type / Number of Cups Consumed in a Week Per Person

Year	Total	Instant	Regular	Liquid	Can
2008	10.60	4.51	3.21	0.82	2.05
2010	10.93	4.69	3.27	1.09	1.87
2012	10.73	4.46	3.20	1.14	1.93

◇ Consumption By Place / Number of Cups Consumed in a Week Per Person

Year	Total	Home	Café / Coffee Shop	Restaurant / Fast Food	Work / School	Others
2008	10.60	6.52	0.22	0.10	2.77	0.91
2010	10.93	6.74	0.23	0.09	2.86	0.94
2012	10.73	6.85	0.21	0.11	2.56	0.93

◇ Consumption By Age / Number of Cups Consumed in a Week Per Person (2012)

Age	Average	Male	Female
Middle / High School	10.73	2.06	1.92
18-24		7.73	5.24
25-39		11.35	8.94
40-59		14.37	13.95
Over 60		11.70	9.99

Source: All Japan Coffee Association

Coffee Trends by Type

Ready to Drink Coffee in Plastic Cups

The sales of ready to drink coffee in plastic cups reached a record high as the number of stores handling these products increased. The sales hit a record high in 2007 at 76 billion yen, but the figures in 2014 outnumbered this record. This is mainly due to the increase of convenience stores that account for nearly 70% of the sales distribution ratio. In addition, more supermarkets and volume sellers are beginning to handle products in this category. One concern for the plastic cup coffee is the rising prices of the raw materials. The prices of coffee beans, dairy, and containers are going up and the manufacturers are reaching their limits to cut down the cost. Manufacturers must find a way to tackle this issue in the near future.

Mt.Rainier has always dominated the plastic cup coffee market, but ever since Starbucks joined the market in 2005, these two brands are in high competition. Consumer awareness was enhanced by their competition and new competitors such as Doutor and Tully's have now joined the battle. Ready to drink coffee in plastic cups will continue to expand in the convenience stores. Incidentally, there are a total of 54,399 convenience stores throughout the country in Japan as of March 2014.

Liquid Coffee

The amount of coffee consumed outside of home is estimated to be around 30 billion cups and canned coffee account for nearly half of that number. The canned coffee market is said to be around 900 billion to 1 trillion yen and is the biggest category of soft drinks. Despite this, the canned coffee market continues small rises and falls, which makes it necessary for the market gain new users for revitalization.

While black coffee in cans (bottle-types) and 900ml coffee in plastic bottles are growing, the 185g cans that account for a majority in the sales distribution ratio is becoming sluggish. The external environment surrounding canned coffee is strict, and there are factors such as the popularity of CVS counter coffee and increase of vending machine prices by 10 yen due to consumption tax rise that are influencing canned coffee sales. In the past, manufacturers made flavored coffee in small plastic bottles to reproduce the taste of cafes, targeting females and younger customers. But now that CVS and fast food restaurants are providing freshly brewed coffee at a reasonable price, manufacturers are changing their strategies to keep their existing fans and to gain new fans at the same time. But it would be a total loss if they lose their original fans by adding new flavors or changing the image of the products. This is why each manufacturer is trying to produce the flavor or packaging that existing fans are looking for.

Bottle-type canned coffee is getting highly popular and is making a double-digit growth in 2014 because it can be recapped and has a larger content. This type of product is attracting young customers, which is the reason for its growth. As the smoking rate continues to decrease, the coffee demand is estimated to rise since people would look for an alternative to smoking. One of the challenges of bottle-type cans is the high cost, but the consumer needs are high and more products will be introduced in 2015.
(END)