



Overview of The Canadian Coffee Market



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' *Today's Agenda* '

- **Overview of the Canadian Coffee Market**
– From the 50,000 foot + level
- **Canada's Position in the World of Coffee**
- **Canadian Imports**
- **Sector by Sector Overview –volume & \$\$**
- **Key Aspects and New Developments**
- **Issues On The Radar**
- **Future Outlook**



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"The Coffee Association"

- National Trade Association for the Canadian Coffee Industry
- Representing the entire supply chain—with a focus on the value added segments
 - *(Ltd.) Grower / Grower Federation Input*
 - *Importers (Canadian & U.S. Based)*
 - *Roasters (of all sizes)*
 - *Retailers (mainstream and specialty)*
 - *Affiliated / Allied suppliers (equip. & packaging)*
- Co-ordination with other coffee trade bodies in US (NCA & SCAA), Europe (ECF & SCAE), and elsewhere including within the ICO



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Three Principal Functions

- **(Marketplace / Industry) Information**
 - *Useful data on Canadian marketplace & trends*
 - *Annual Canadian Consumer Research*
 - *Top-line AC Nielsen and NPD Information*
 - *“Market Model “ and Custom Presentations*
- **Advocacy -Internal Marketplace/Regulatory Environment –”Issues Management”**
 - *Minimize (-ve) regulatory impact on coffee sector and coffee products (and sector related activities)*
- **External – “Consumer” Environment**
 - *Perceptions of coffee – social aspects, health issues, “cost”, environmental issues, sustainability issues*



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Where Does Canada Fit in the World of Coffee



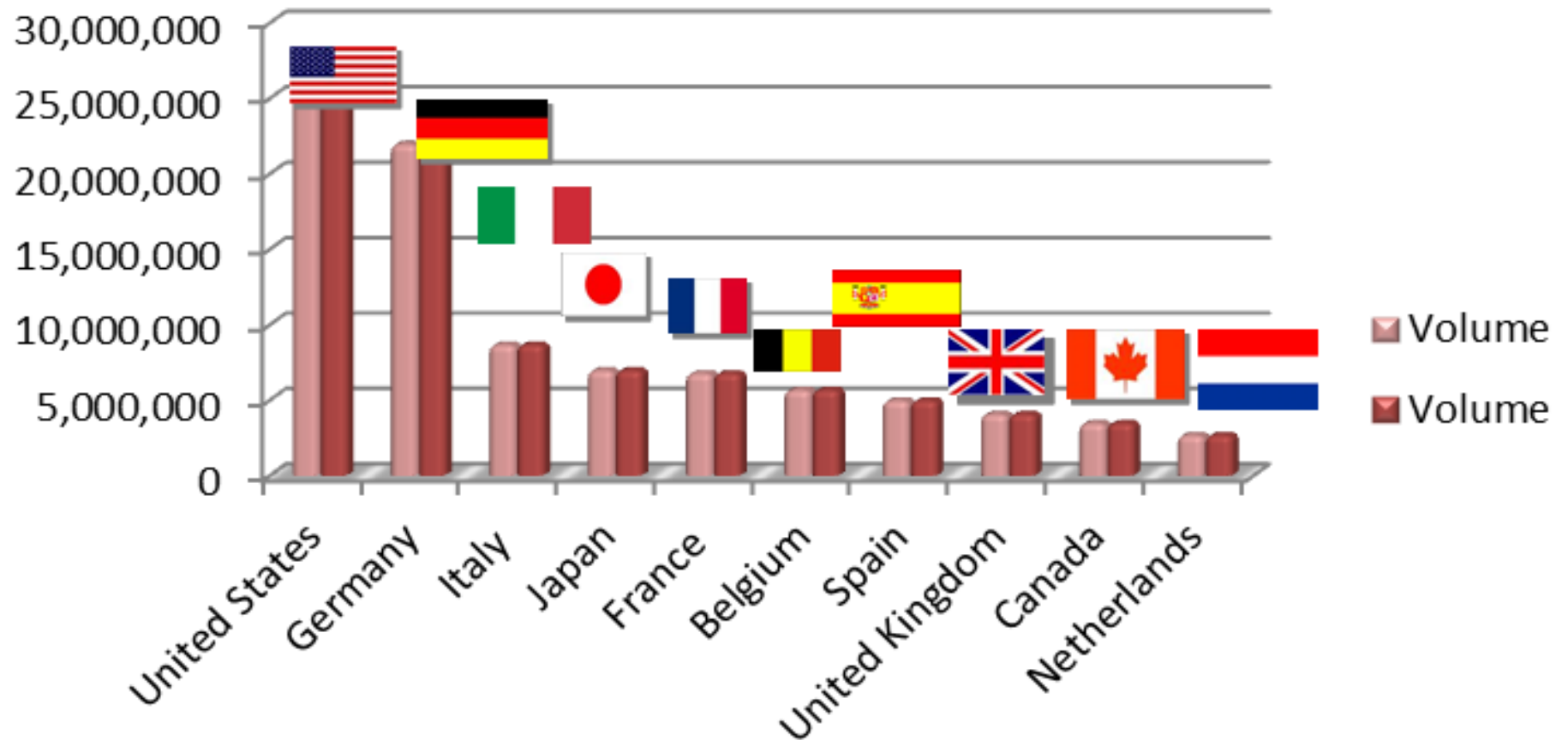
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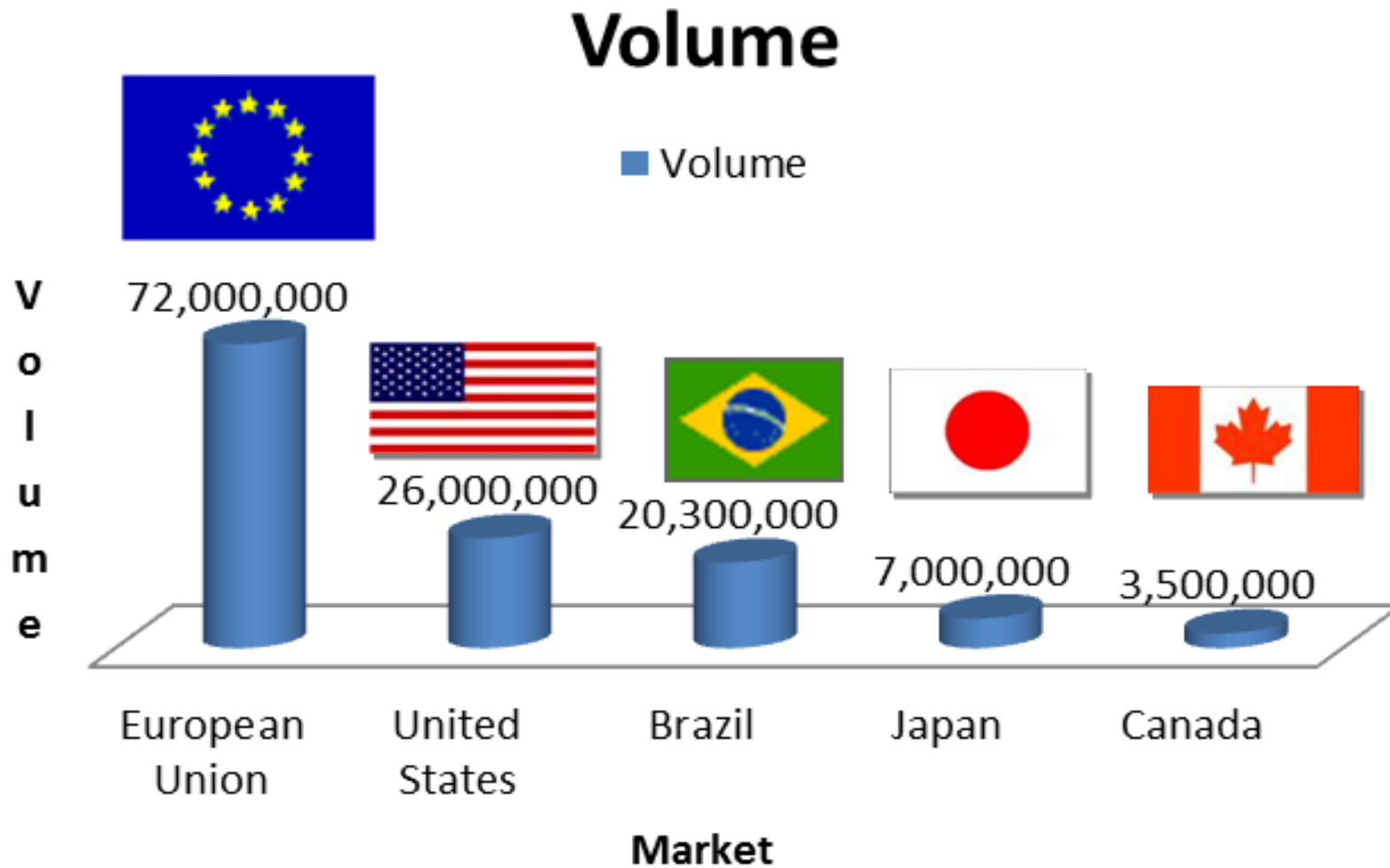
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Traditional Importing Market Volumes

Volume in Traditional Importing Markets



"Another Way of Looking at Market Size"



"New Market Growth"

- **Russia's emerging market and Indonesia's internal consumption will both likely exceed Canadian market size in 2014 (or perhaps even by end of 2013)**
- **China and India as well given current growth rates in the double digits for coffee consumption and considerable population base may soon exceed market size of Canada market in next few years**
- **This growth may stimulate green prices?**



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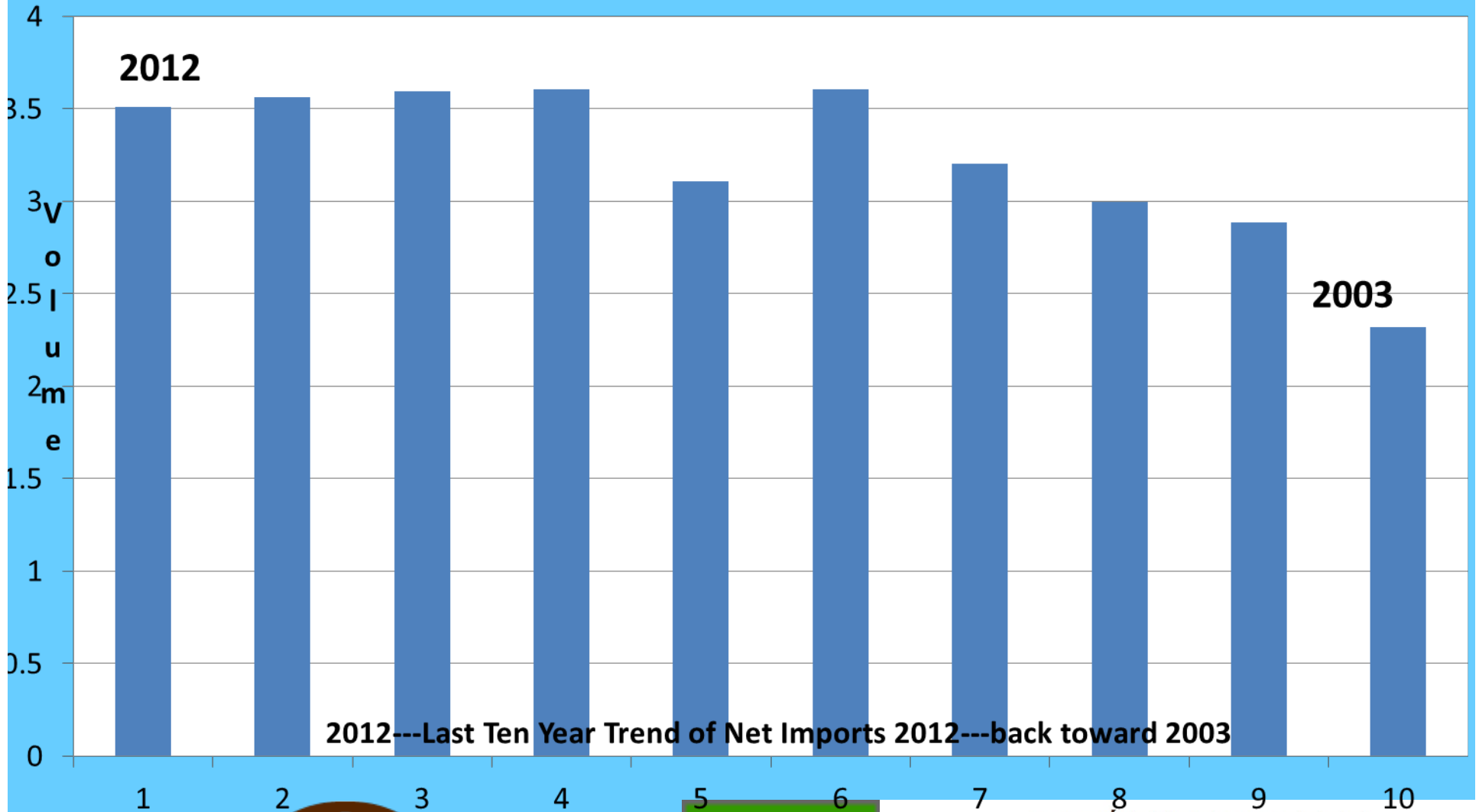


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Import History – Overall Trend



2012---Last Ten Year Trend of Net Imports 2012---back toward 2003

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Estimated consumption: 10 leading markets by volume

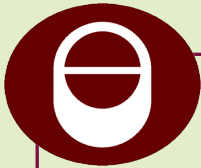
	2009	2010*	%
	million bags		change
World total	131.2	134.0	2.1
USA	21.4	21.8	1.6
Brazil	18.2	18.9	4.1
Germany	8.9	9.3	4.4
Japan	7.1	7.2	0.7
France	5.7	5.9	4.0
Italy	5.8	5.8	-0.4
Russian Federation	3.1	3.7	16.9
Canada	3.3	3.6	8.9
Spain	3.4	3.2	-3.6
United Kingdom	3.2	3.1	-3.3

*Estimated



Total consumption Growth rates in traditional markets

	2000	2010	Annual growth rate
TOTAL	63 367	70 837	1.1%
USA	18 746	21 783	1.5%
Germany	8 770	9 292	0.6%
Japan	6 626	7 192	0.8%
France	5 402	5 931	0.9%
Italy	5 149	5 781	1.2%
Spain	2 991	3 232	0.8%
United Kingdom	2 342	3 134	3.0%
Netherlands	1 860	1 347	-3.2%
Sweden	1 173	1 221	0.4%
Finland	967	1 080	1.1%

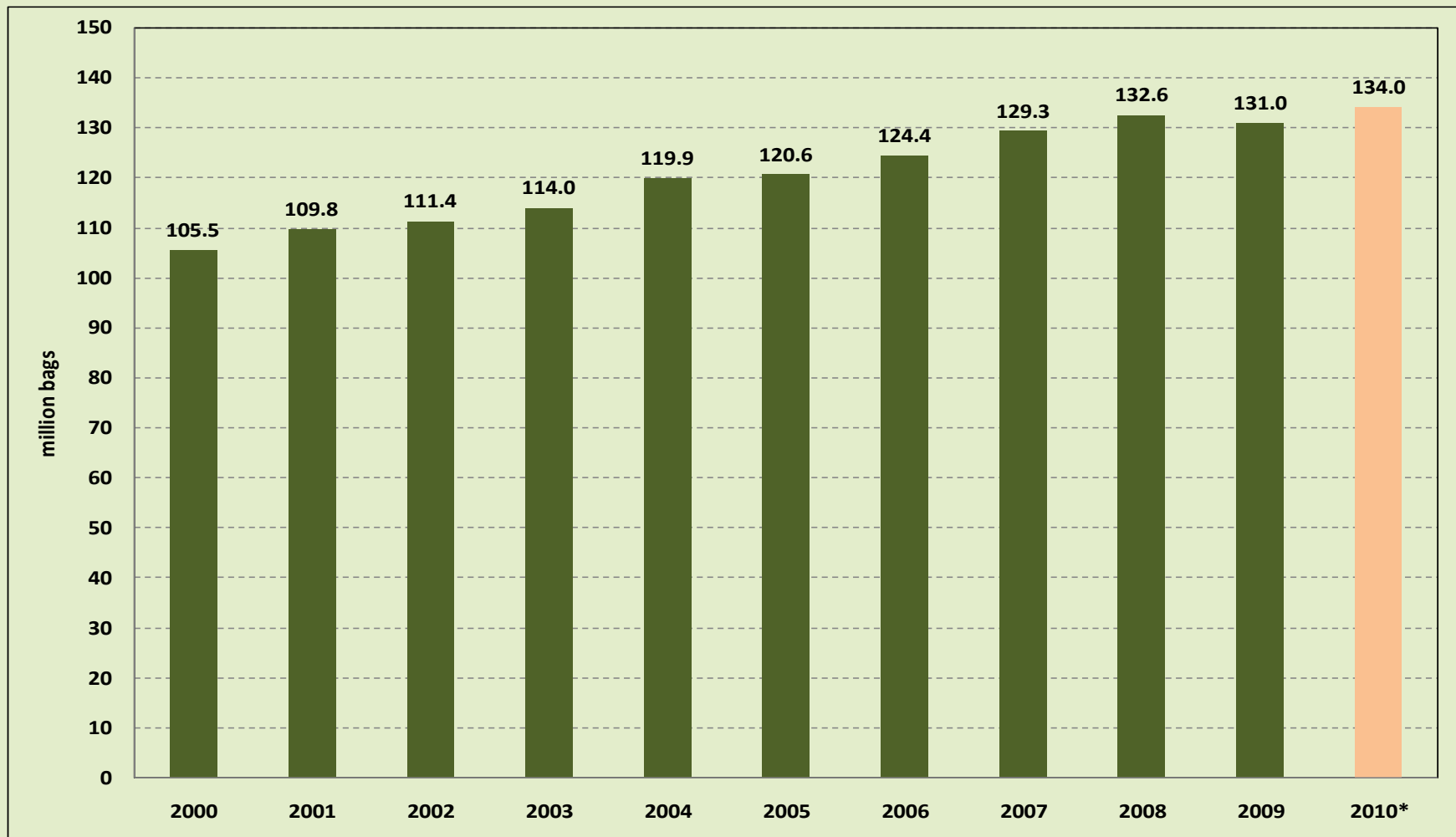


Total consumption Growth rates in emerging markets

	2000	2010	Annual growth rate
Total	15 750	22 883	3.8%
Russian Federation	1 863	3 661	7.0%
Poland	2 046	2 156	0.5%
Algeria	1 779	2 021	1.3%
Korea, Rep. of	1 246	1 666	3.0%
Ukraine	179	1 485	23.6%
Australia	832	1 370	5.1%
Romania	551	796	3.7%
Turkey	291	610	7.7%
Israel	287	553	6.8%
South Africa, Rep.of	368	553	4.1%
Serbia	644	548	-1.6%



World consumption Calendar years 2000 to 2010*



*Estimated



World coffee consumption Evolution 2000 – 2010

(in thousand bags)

	2000	2010*	Change (2010)-(2000)		Period growth rate (%)
			Volume	%	
Traditional markets	63 367	70 837	7 470	26.2	1.1
Producing countries	26 385	40 280	13 895	48.8	4.3
Emerging markets	15 750	22 883	7 133	25.0	3.8
World total	105 502	134 000	28 498		2.4

*Estimated



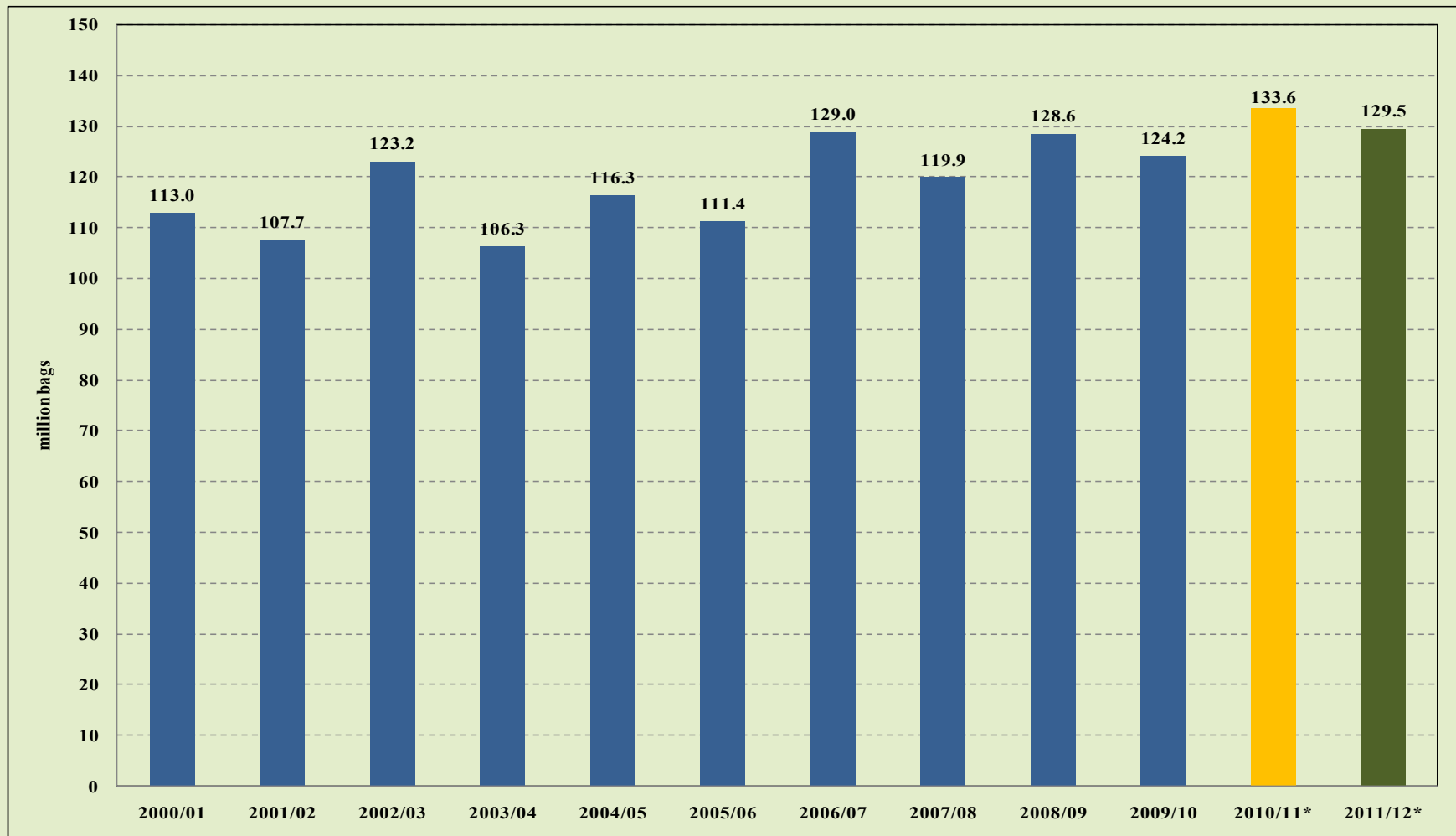
Production: 10 leading producers **(Volume in 000 bags - % of world production)**

	2009/10	2010/11	% change
Brazil	39 470	48 095	21.9%
Vietnam	18 200	18 500	1.6%
Colombia	8 098	9 200	13.6%
Indonesia	11 380	9 169	-19.4%
Ethiopia	6 931	7 450	7.5%
India	5 281	4 983	-5.6%
Honduras	3 575	4 290	20.0%
Mexico	4 200	4 100	-2.4%
Peru	3 286	3 976	21.0%
Guatemala	3 835	3 950	3.0%



World Production

Crop years 2000/01 to 2011/12*



*Estimated

Canadian Import Performance

- **During the ten year period from 2000-2010 the Canadian Market growth was much stronger – in fact it was nearly averaging 7% annual growth certainly making Canada the strongest traditional importing market**
- **Why?**
 - *Population growth*
 - *Sustained “good” quality market*
 - *Increased availability – more points of distribution– strong foodservice sector*



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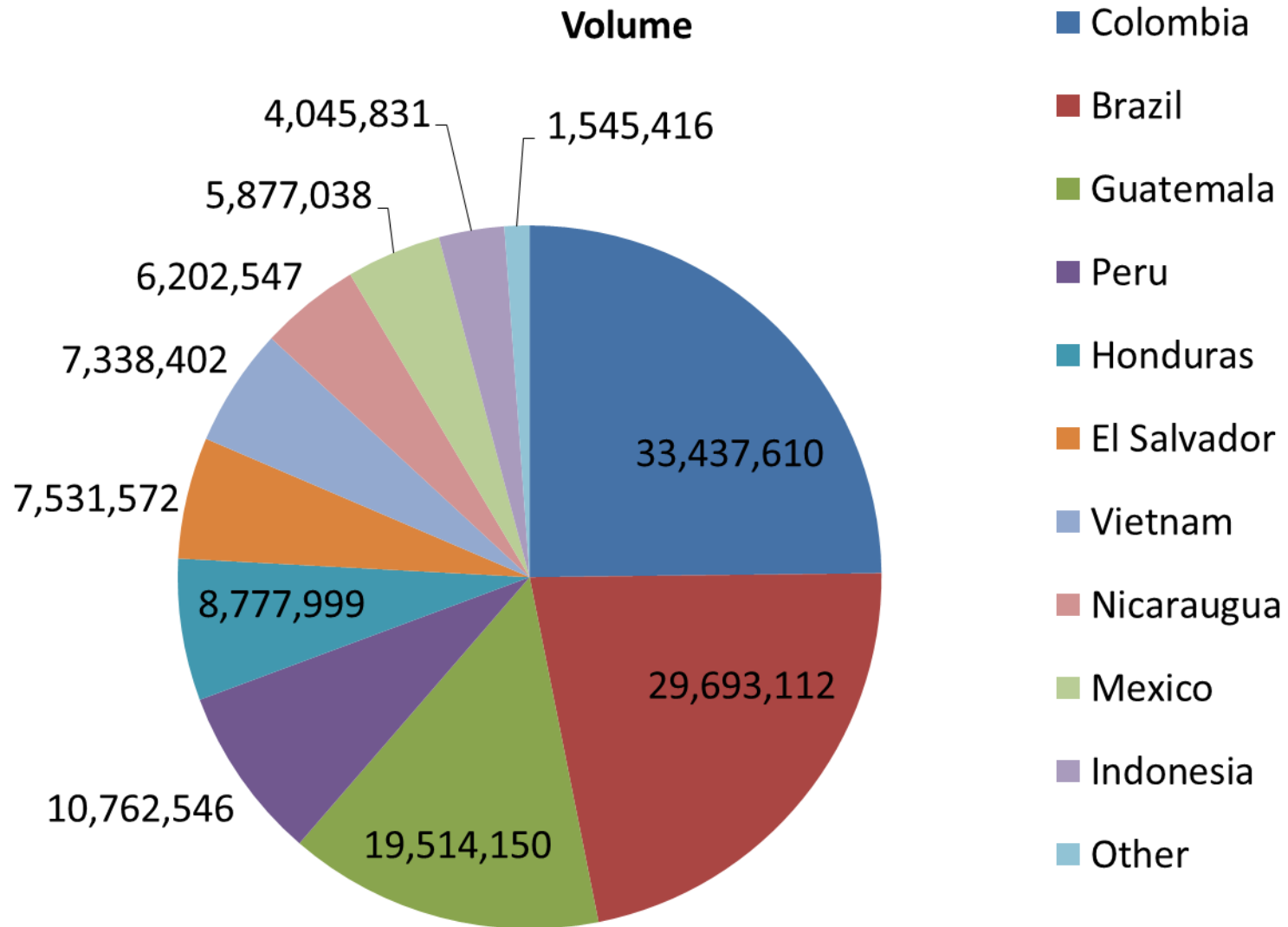


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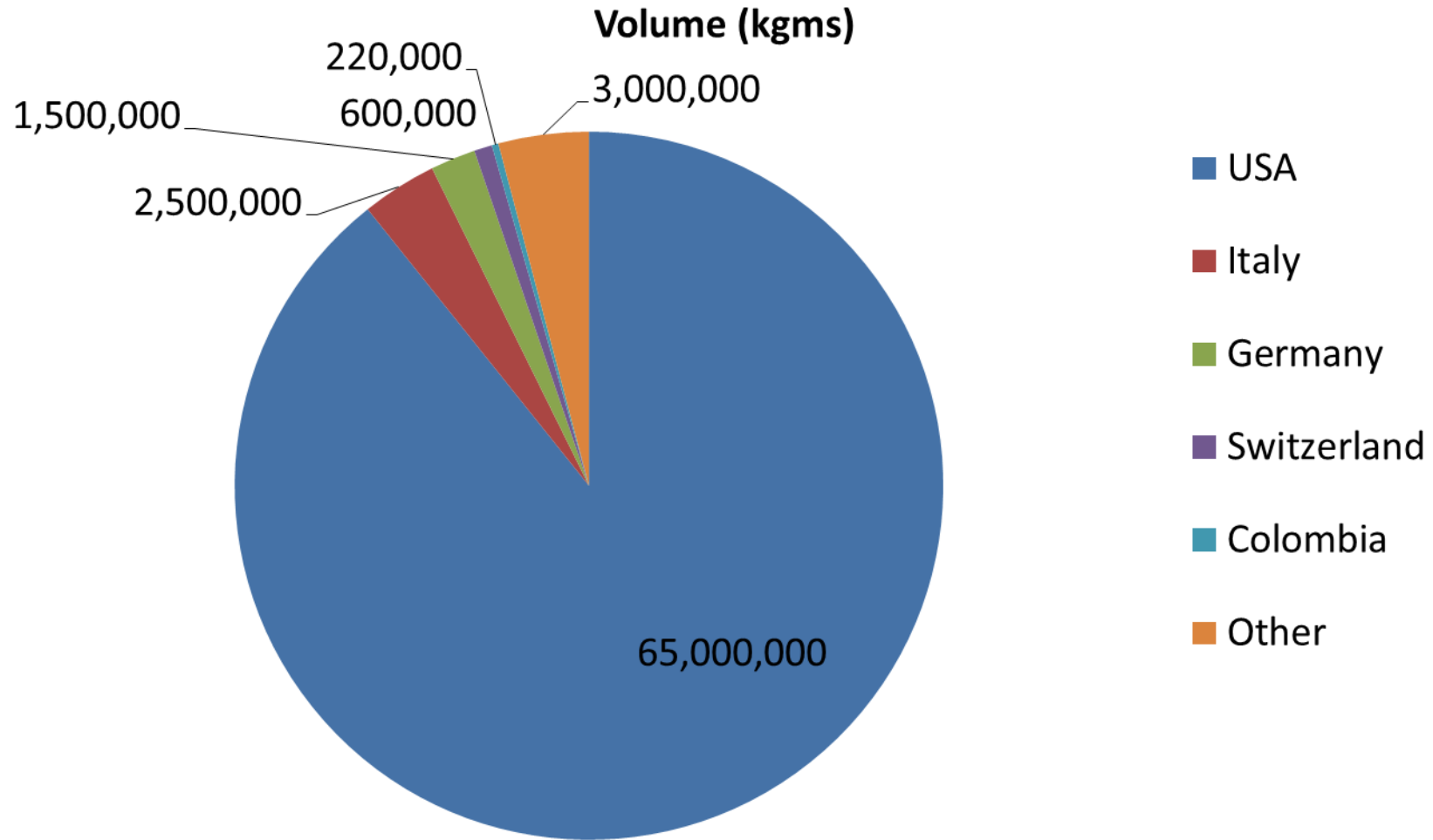


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Sources of Green Coffee

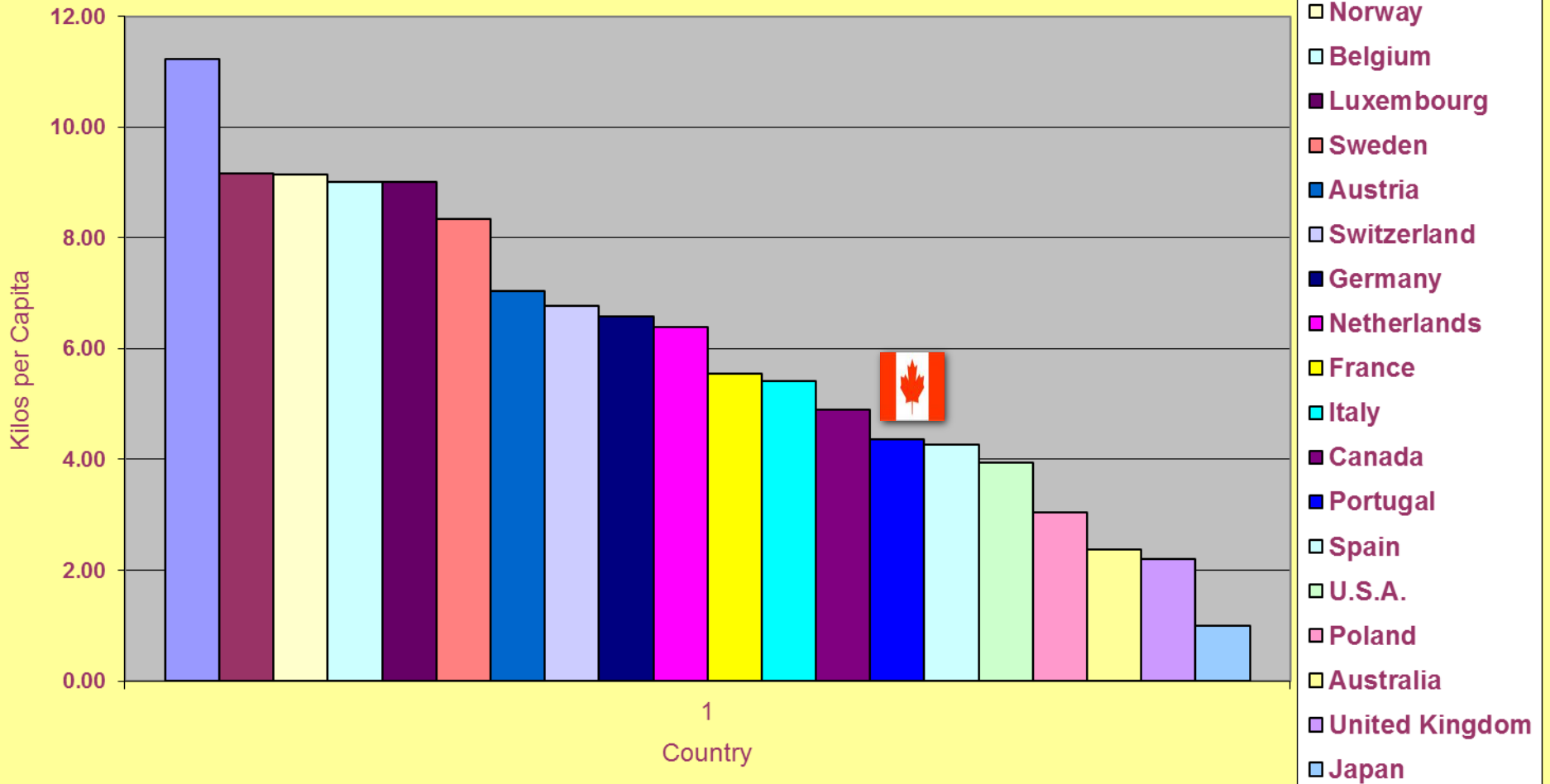


Sources of Valued Added Coffee



Per Capita - With Caveats

Green Coffee Imports & Per Capita Consumption



Canada vs. US Comparison



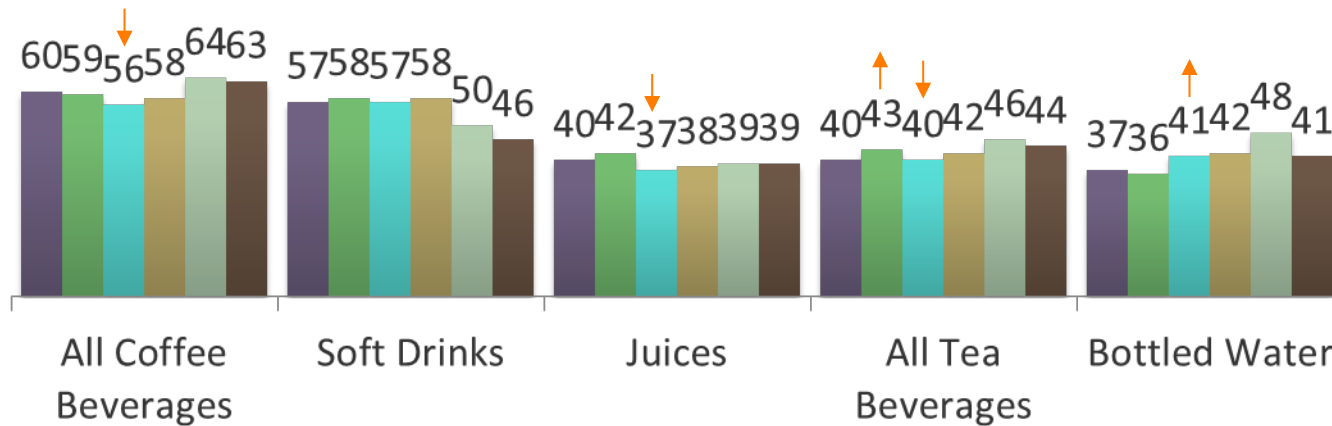
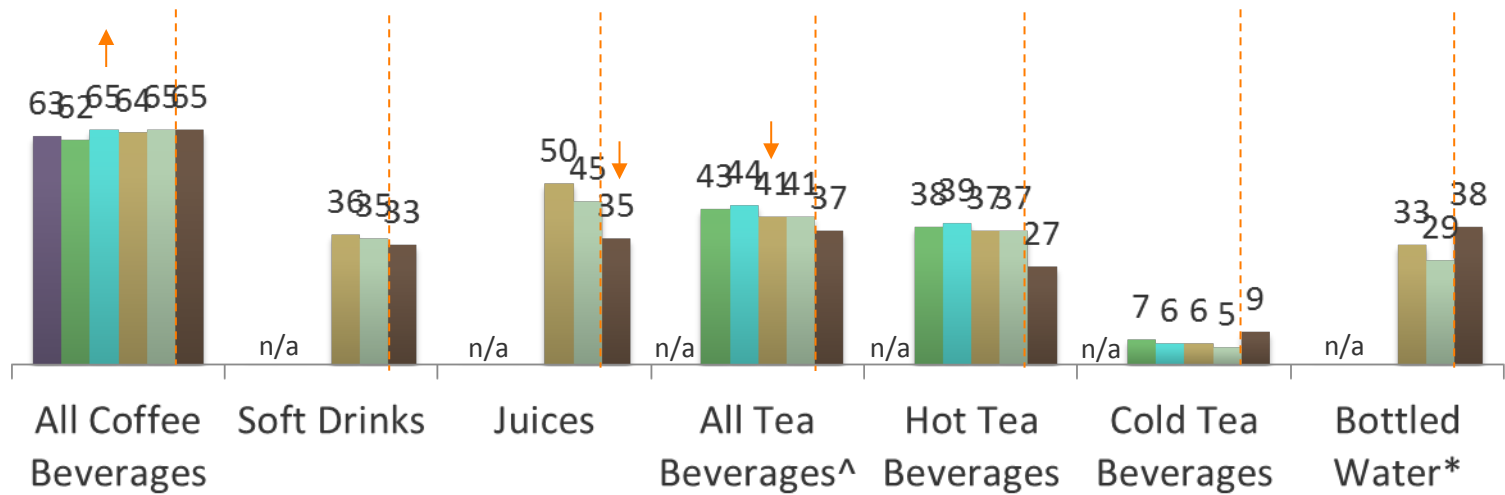
Notes on Sample Profile Change for U.S. Data

- ▶ Trending on the Canadian and US Coffee studies is impossible. The Canadian study has experienced fundamental methodology changes in 2013 (as outlined in this document). The US study has also experienced fundamental changes.
- ▶ From the US National Coffee Drinking Trends report authors:
 - ▶ “Based on the latest U.S. Census conducted in 2010, the 2012 NCDT sample profile has been adjusted to maintain alignment with the ever evolving demographic make-up of the U.S., including ethnicity as well as gender, age and region. With this improvement, the cohorts of African American and Hispanic Americans now mirror their proportions among the total population. As such, changes in reported coffee consumption behavior may be influenced by the change in the study profile and not entirely due to changes in the market. For this reason, direct comparisons between 2012 and prior years’ data cannot be made.”
- ▶ And on trending past-day beverage penetration:
 - ▶ “Historically, the NCDT has reported coffee and soft drinks as having essentially equal past-day penetration. In 2012, reported past-day penetration of coffee sits at 64% vs. 50% for soft drinks. This is driven by higher reported past-day coffee penetration among Hispanic Americans, slightly offset by lower reported past-day coffee penetration among African Americans. At the same time, Hispanic Americans also report lower past-day penetration of soft drinks. Correctly reflecting the size of Hispanic American and African American population results in significantly higher past-day penetration for coffee vs. soft drinks. Again because of the adjusted ethnic profile, reported past-day penetration of tap water is down and reported past-day penetration of bottled water and tea is up.”
- ▶ However, it is possible to compare the 2013 results in the US and Canada. The questionnaires and data collection methodologies are very similar. The only fundamental methodological difference is when the surveying occurred: the US interviewing occurred in January/February and The Canadian interviewing occurred in June/July.

US vs. Canada Observations

- ▶ Coffee consumption dynamics are very similar across the two countries.
- ▶ Past-day penetration of soft drinks is much higher in the US. Past-day penetration of juice, tea and bottled water is also higher in the US.
- ▶ Interestingly, reported single-cup brewer ownership is markedly higher in Canada (20% vs. 12%).
- ▶ Additives are different as well: the US market is more skewed towards creamer whitening, while Canada skews more towards dairy whitening.
- ▶ This indicates that, while consumption patterns are similar, there are differences in preparation.

Past-Day Coffee Penetration vs. Other Beverages



■ '08 ■ '09 ■ '10 ■ '11 ■ '12 ■ '13

* In 2013, Bottled water consisted of bottled water, vitamin enhanced water and flavoured water and the survey period was in July. Versus prior years, this was composed of just bottled water and the survey period was in April.

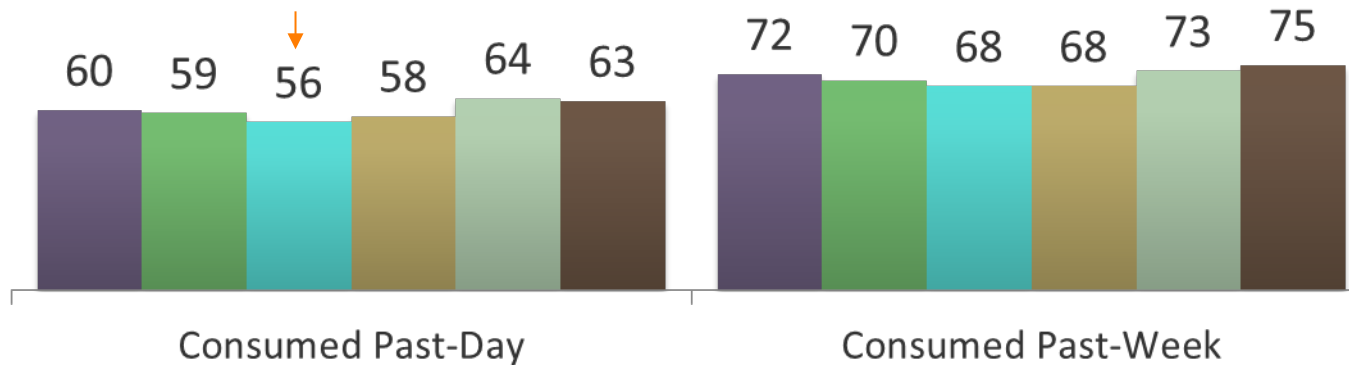
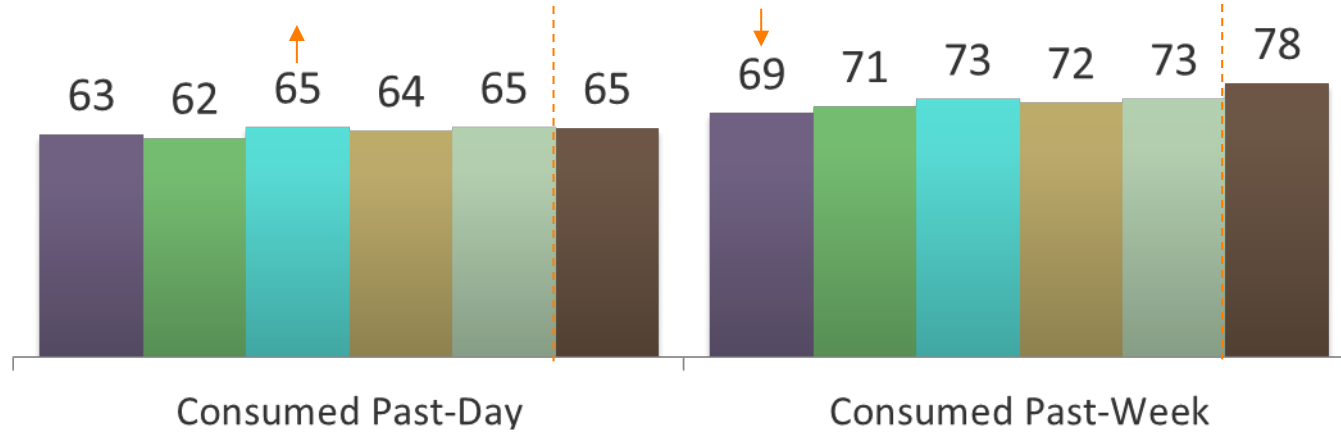
[^] Hot and cold tea will not add up to All tea beverages as some teas were not classified as hot or cold.

↑↓ Significantly higher / lower vs. previous year

% Based on Total Sample (n=2,637)

What did you drink **yesterday** during each of the following times? This may include any beverage that you drank at home or outside your home.-

Past-Day/Week Coffee Penetration



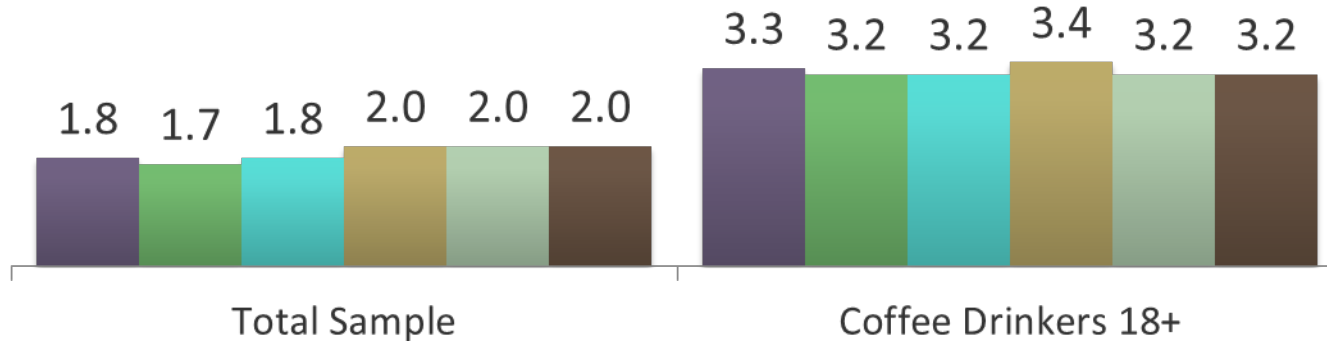
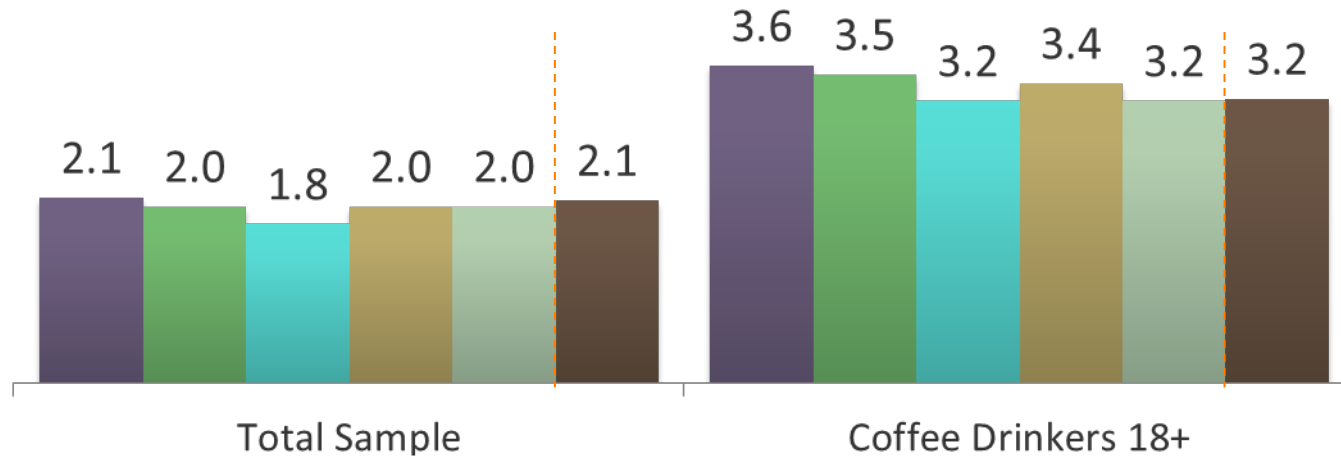
■ '08
 ■ '09
 ■ '10
 ■ '11
 ■ '12
 ■ '13

↑↓ Significantly higher / lower vs. previous year

% Based on Total Sample (n=2,637)

What did you drink *yesterday* during each of the following times? This may include any beverage that you drank at home or outside your home. Now we'd like to ask you about some specific types of coffee beverages you may have consumed in the **PAST WEEK**. Please keep in mind that these may be coffee beverages that you drank at home or bought outside your home and may have come in a cup, can or bottle. In the past week, have you, yourself, drunk...

Cups of Coffee Per Day



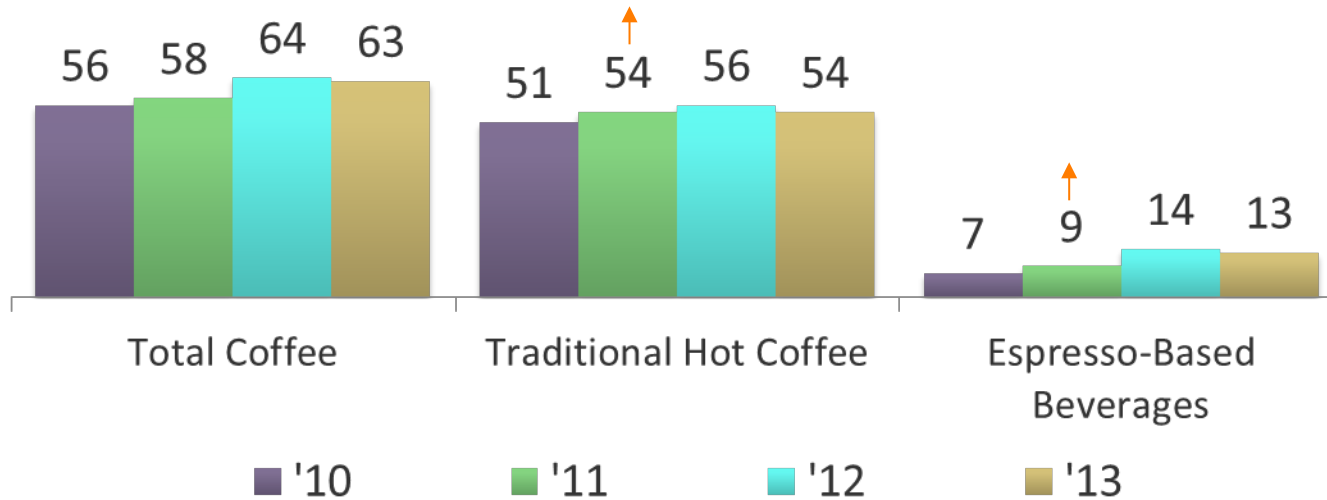
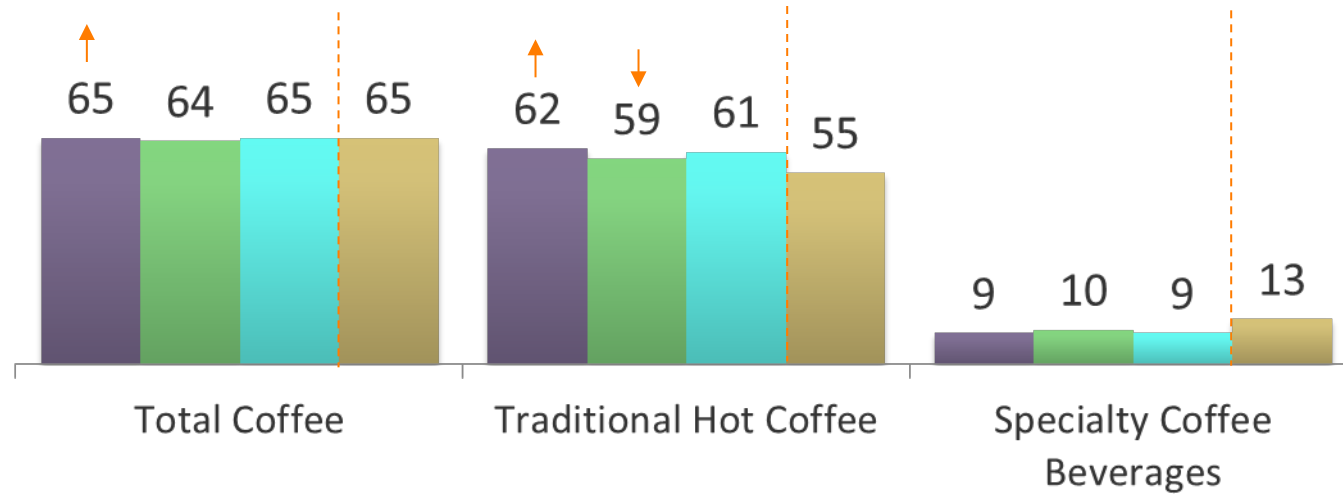
'08 '09 '10 '11 '12 '13

↑↓ Significantly higher / lower vs. previous year

% Based on total sample (n=2,637)

How many cups or glasses of [COFFEE/COFFEE BEVERAGE] did you drink yesterday [TIME OF DAY]? RECORD EXACT NUMBER

Type of Coffee Consumed Past-Day

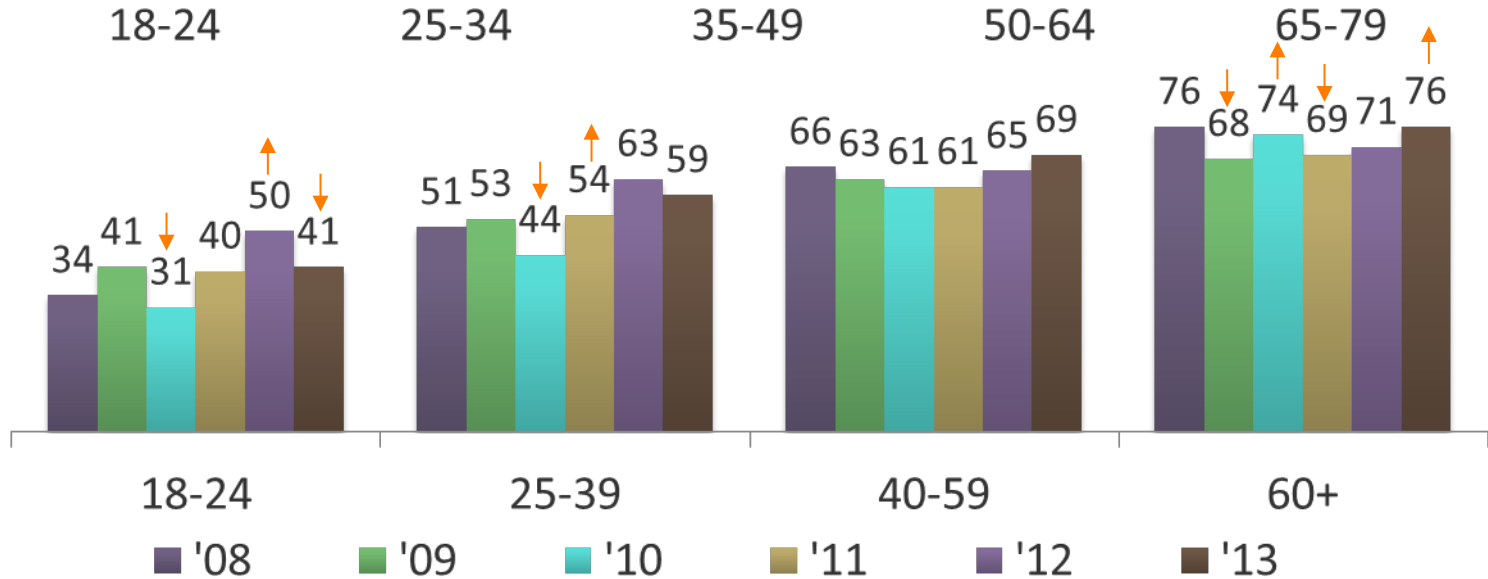
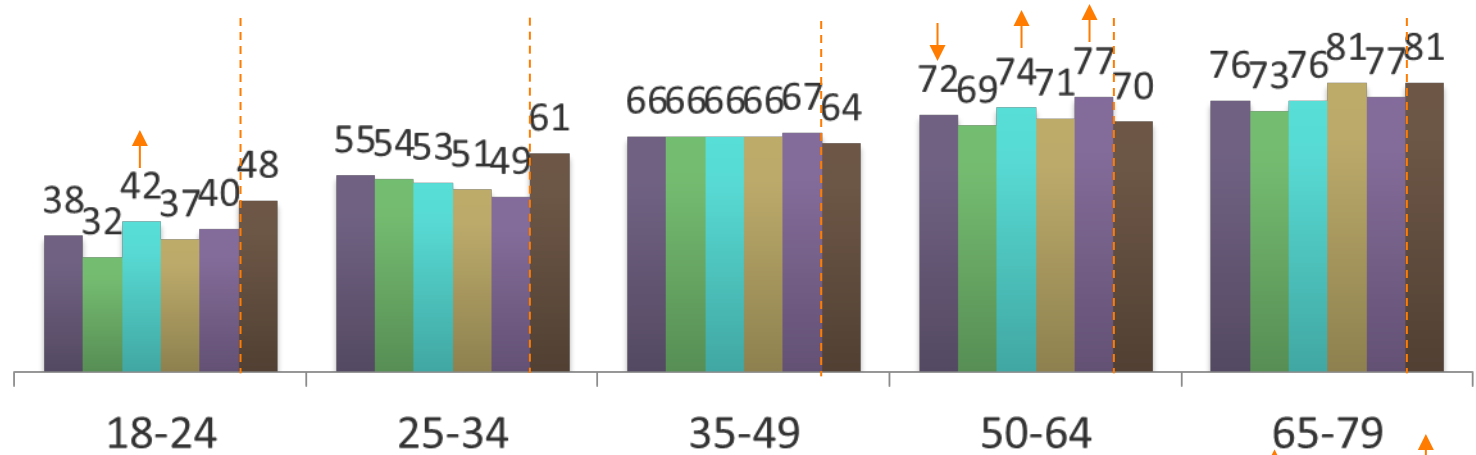


↑↓ Significantly higher / lower vs. previous year

% Based on total sample (n=2,637)

What did you drink **yesterday** during each of the following times? This may include any beverage that you drank at home or outside your home.-

Past-Day Coffee Penetration By Age

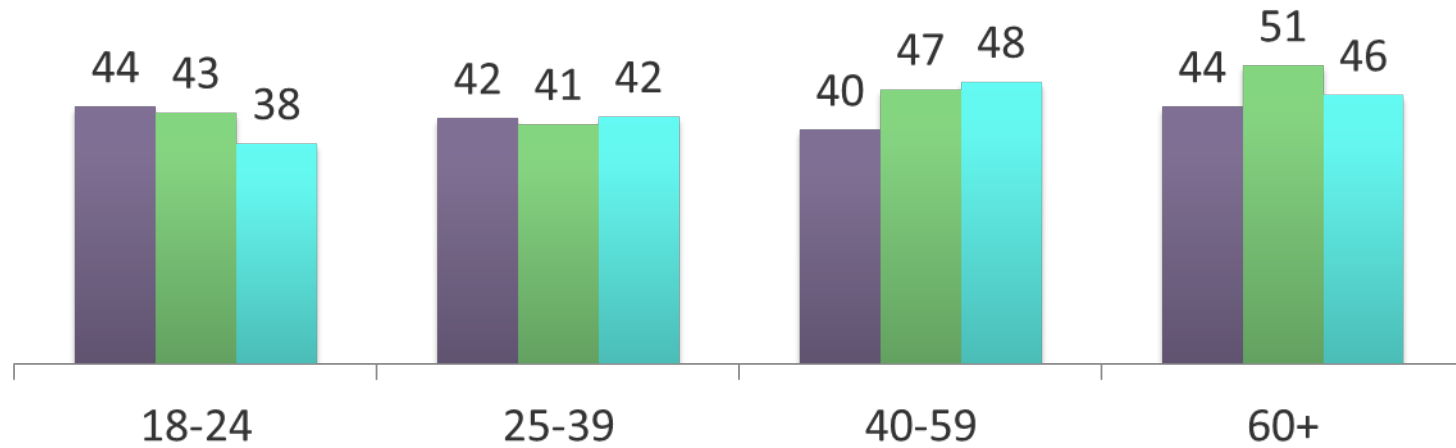
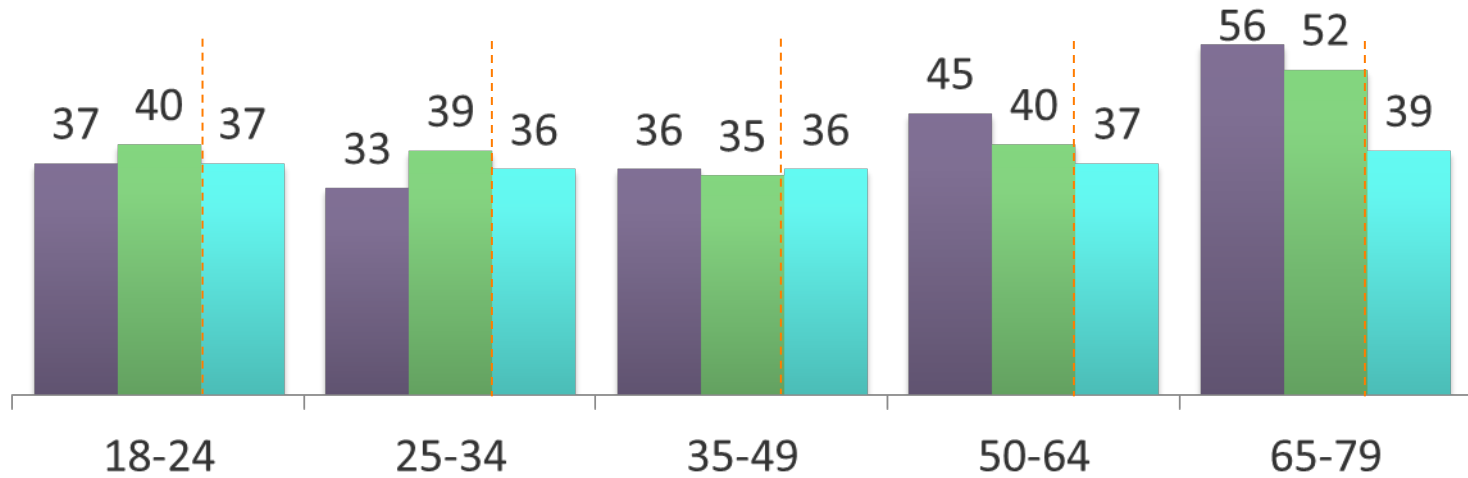


↑↓ Significantly higher / lower vs. previous year

% Based on Total Sample (n=2,637)

What did you drink **yesterday** during each of the following times? This may include any beverage that you drank at home or outside your home.-

Past-Day Tea Penetration By Age



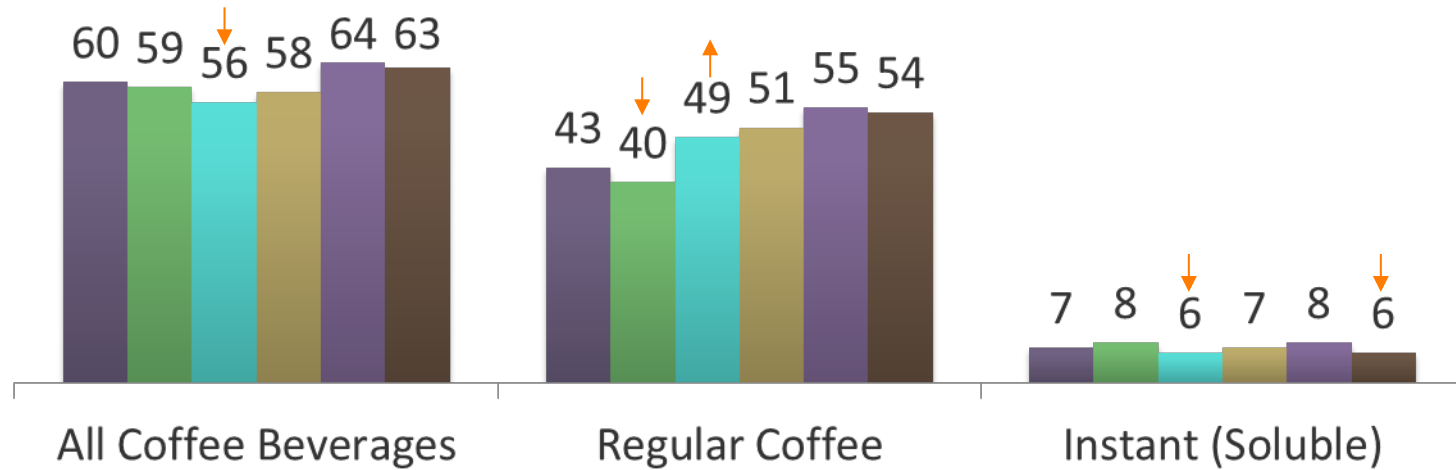
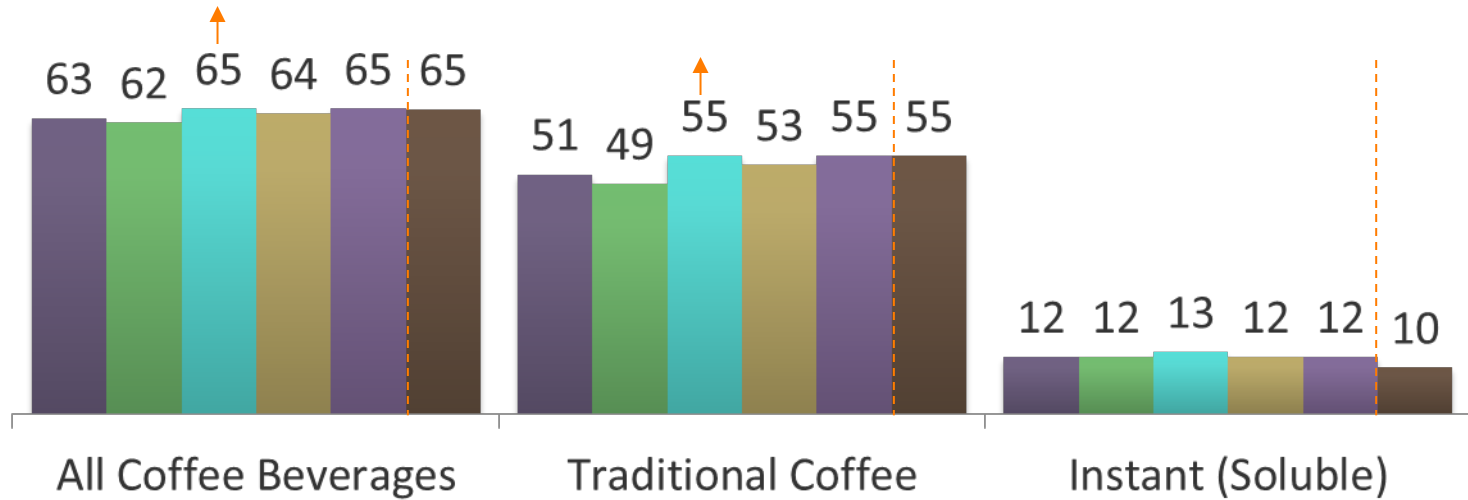
■ '11 ■ '12 ■ '13

↑↓ Significantly higher / lower vs. previous year

% Based on Total Sample (n=2,637)

What did you drink **yesterday** during each of the following times? This may include any beverage that you drank at home or outside your home.-

Past-Day Regular vs. Instant Coffee Penetration



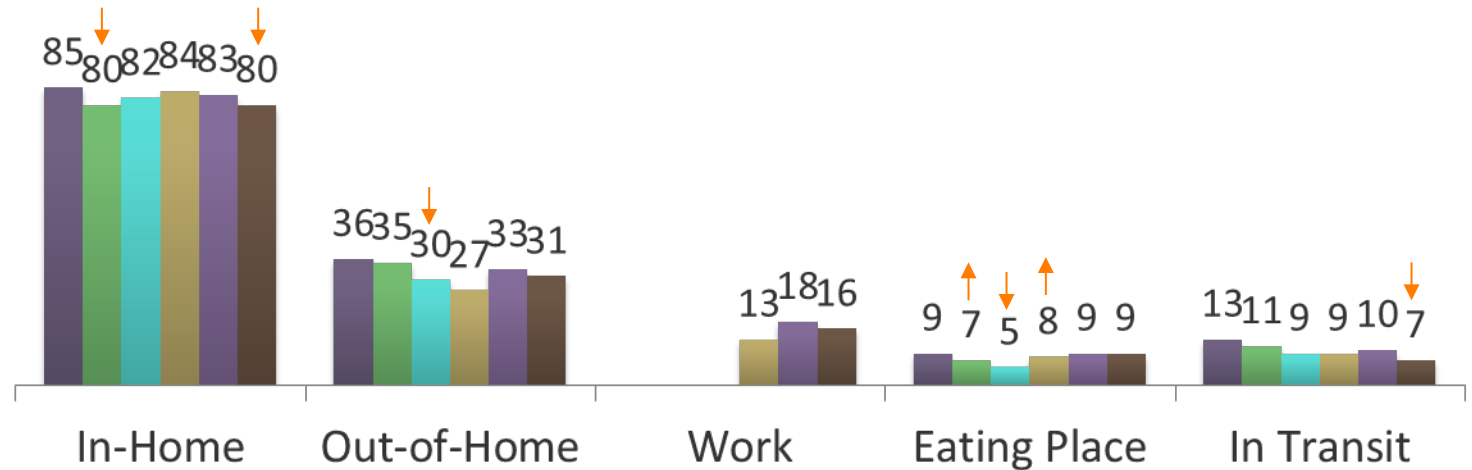
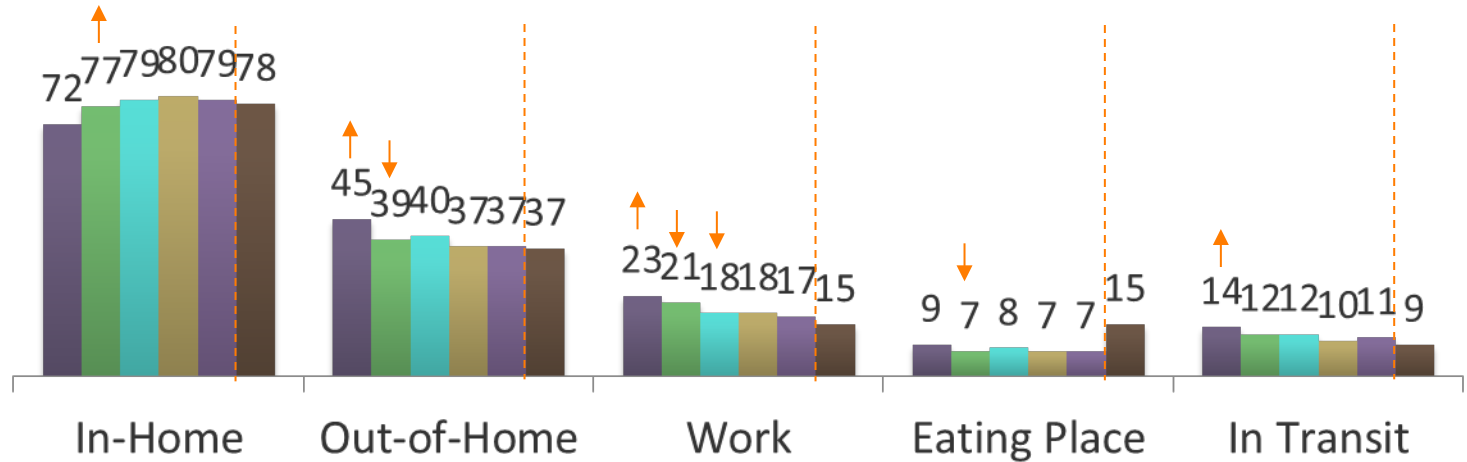
■ '08 ■ '09 ■ '10 ■ '11 ■ '12 ■ '13

↑↓ Significantly higher / lower vs. previous year

% Based on Total Sample (n=2,637)

What did you drink **yesterday** during each of the following times? This may include any beverage that you drank at home or outside your home.-

Place of Consumption



■ '08
 ■ '09
 ■ '10
 ■ '11
 ■ '12
 ■ '13

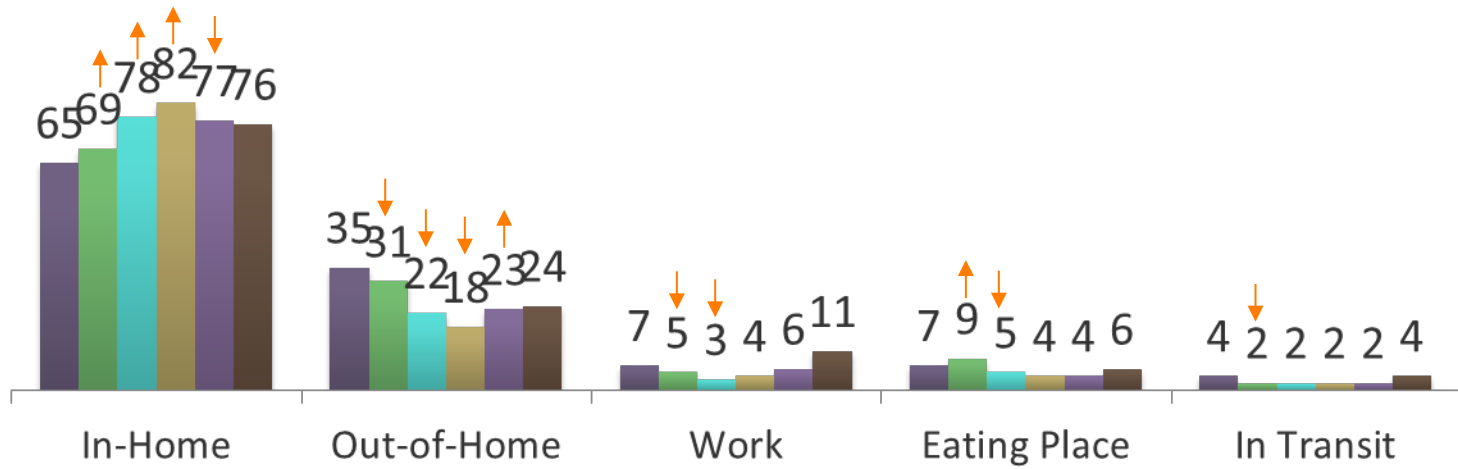
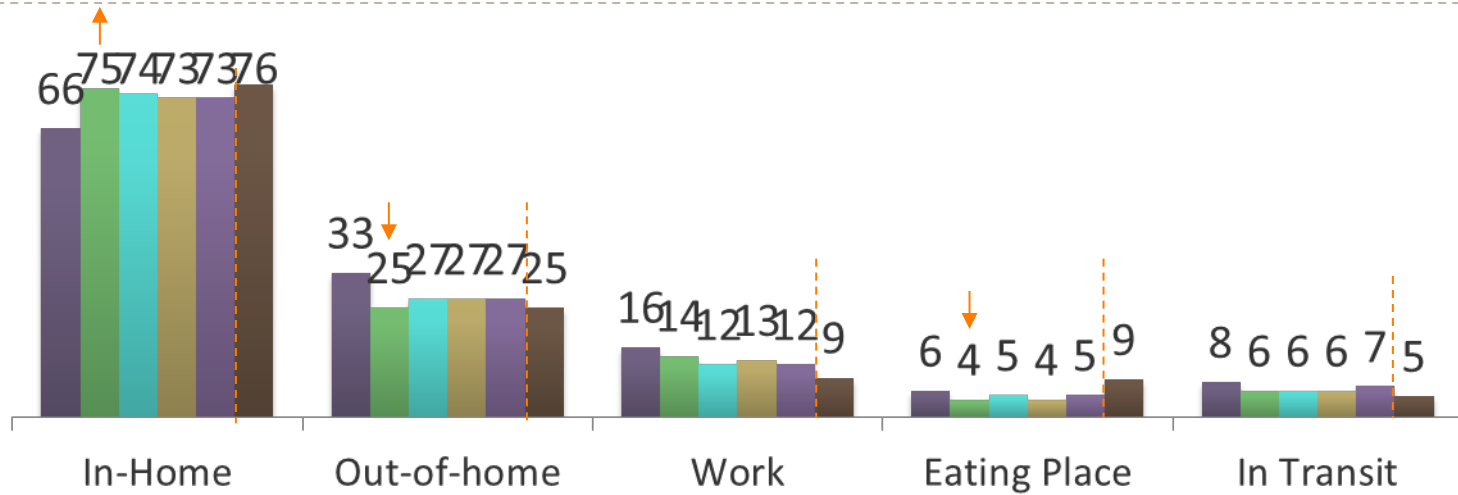
↑↓ Significantly higher / lower vs. previous year

% Based on Coffee Drinkers (n=1,710)

Where did you *drink* the [COFFEE/COFFEE BEVERAGE] you had yesterday [TIME OF DAY]?

RANDOMIZE.

Share of Cups - Place of Consumption



■ '08
 ■ '09
 ■ '10
 ■ '11
 ■ '12
 ■ '13

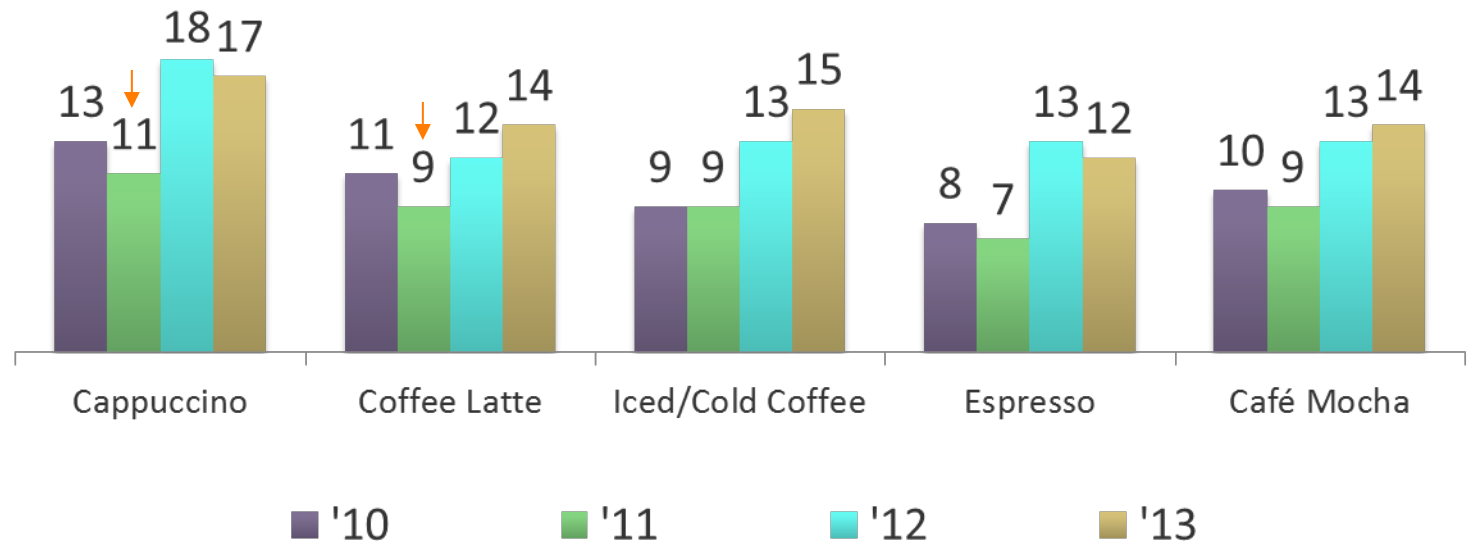
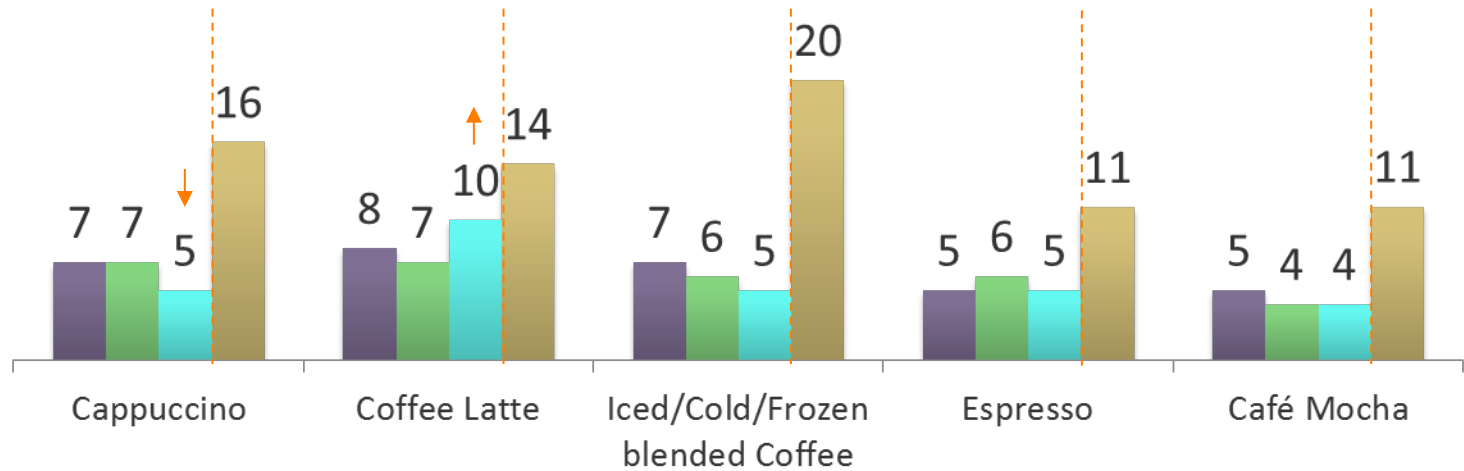
↑↓ Significantly higher / lower vs. previous year

% Based on Coffee Drinkers (n=1,710)

Where did you *drink* the [COFFEE/COFFEE BEVERAGE] you had yesterday [TIME OF DAY]?

RANDOMIZE.

Past-Week Specialty Coffee Beverage Penetration

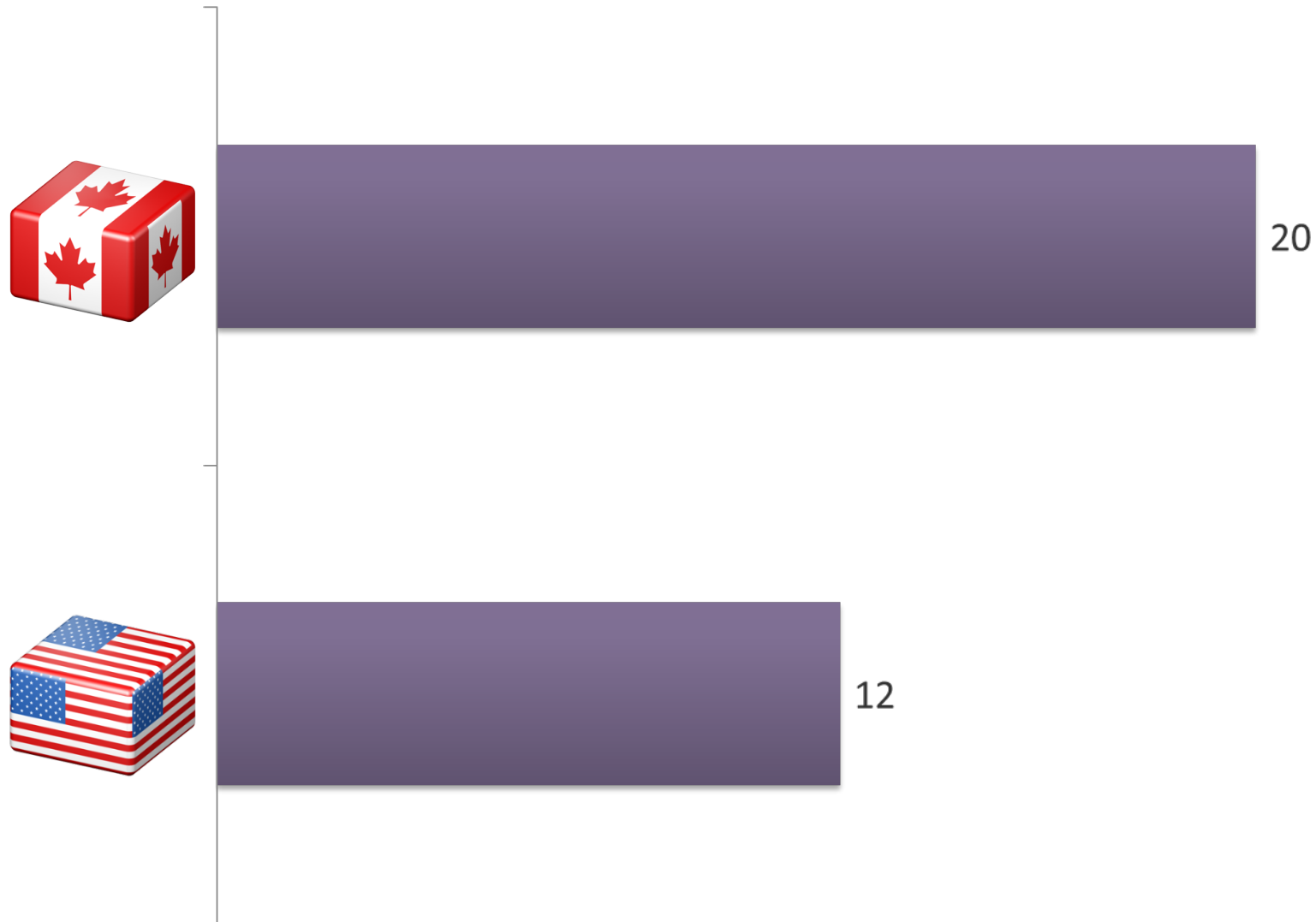


↑↓ Significantly higher / lower vs. previous year

% Based on Total Sample (n=2,637)

What did you drink **yesterday** during each of the following times? This may include any beverage that you drank at home or outside your home.-

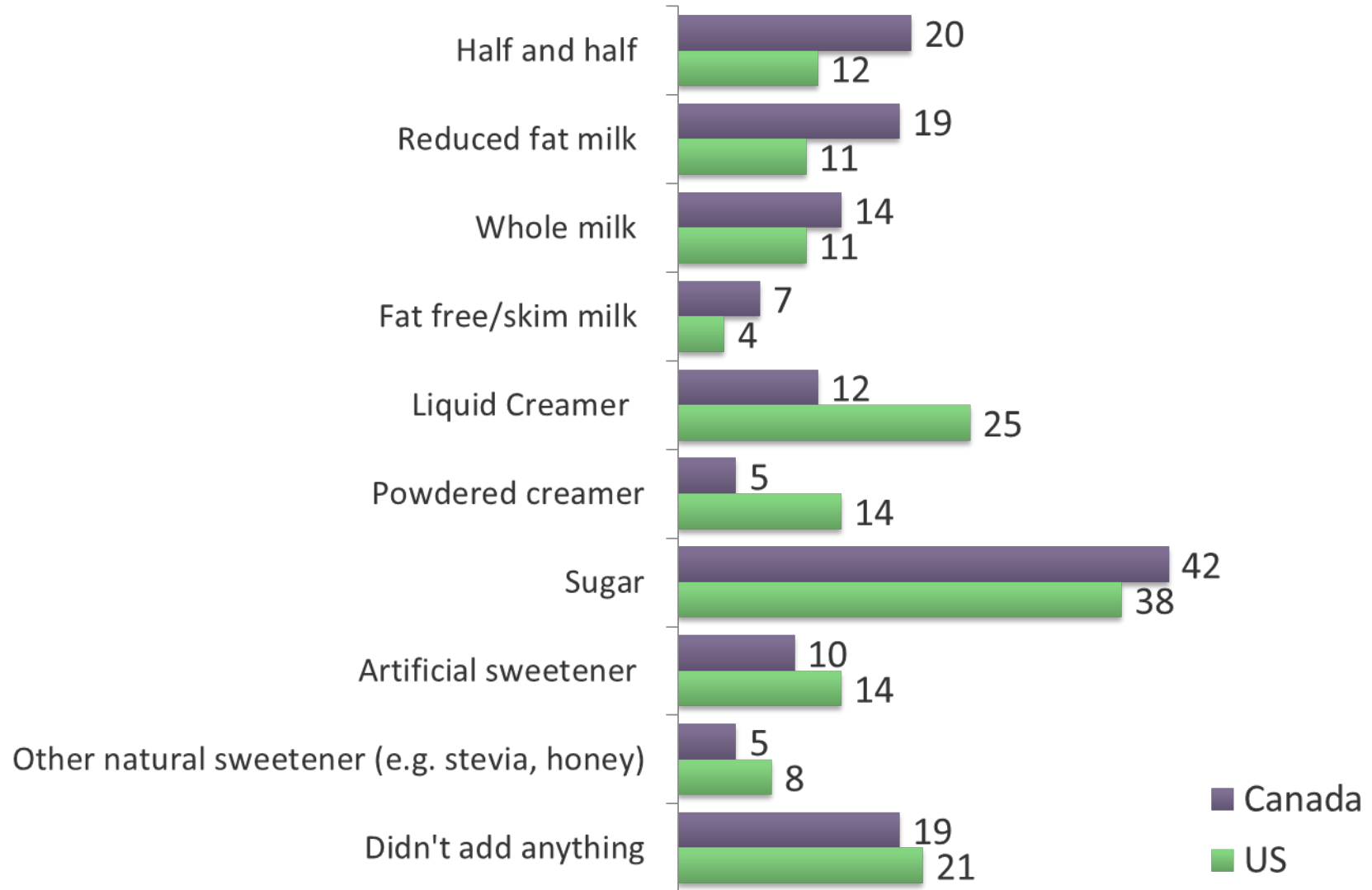
Single Cup Ownership



Base: Total sample aged 18+ US: n=2,840, Canada n=2,637

In the next six months, how likely are you to **buy this type of single-cup brewer** for use in your home?

Additives Past-Day – Total Coffee

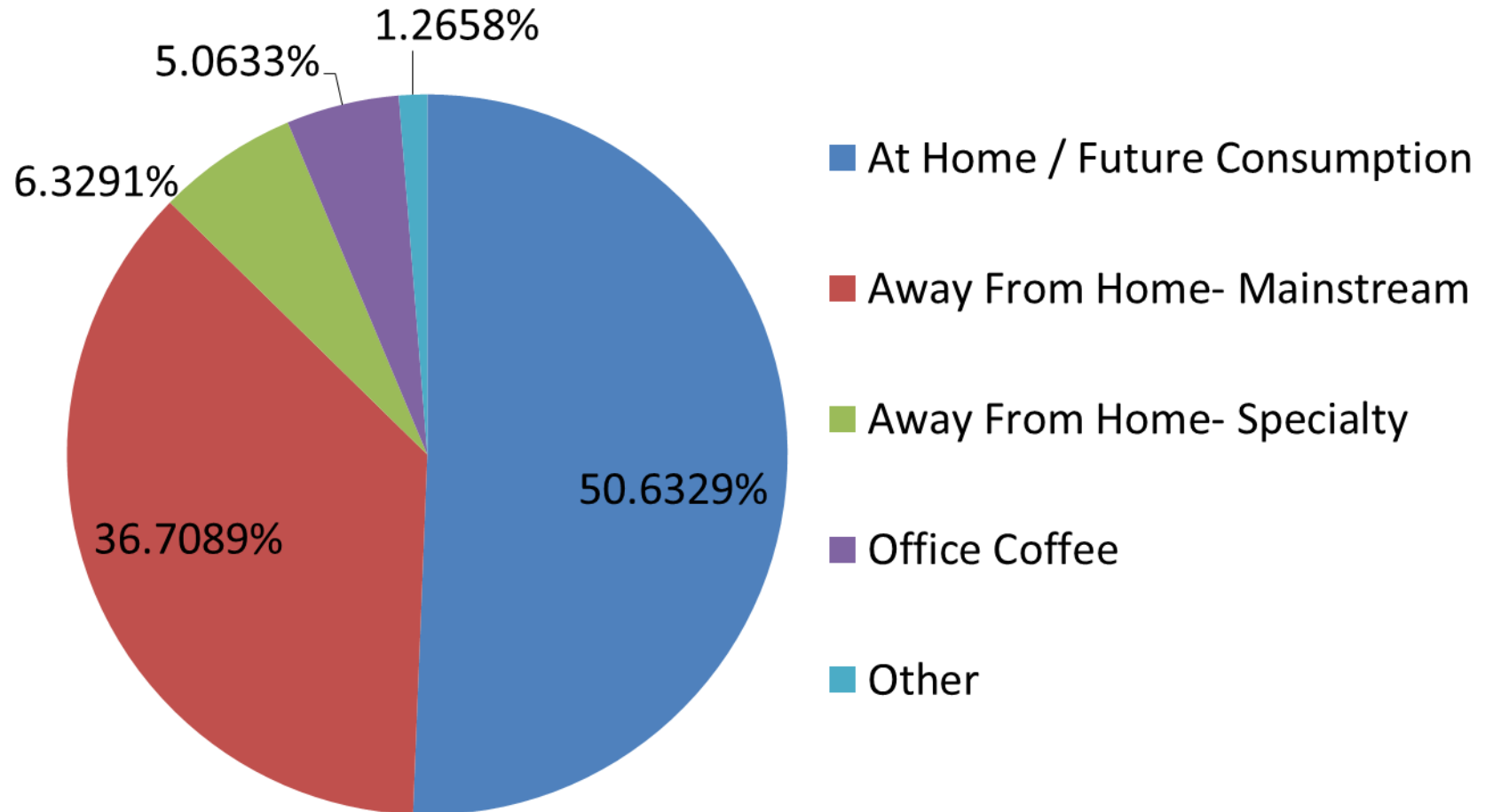


% Based on past-day coffee drinkers aged 18+ Canada (n=1,710), US (n=1,789)

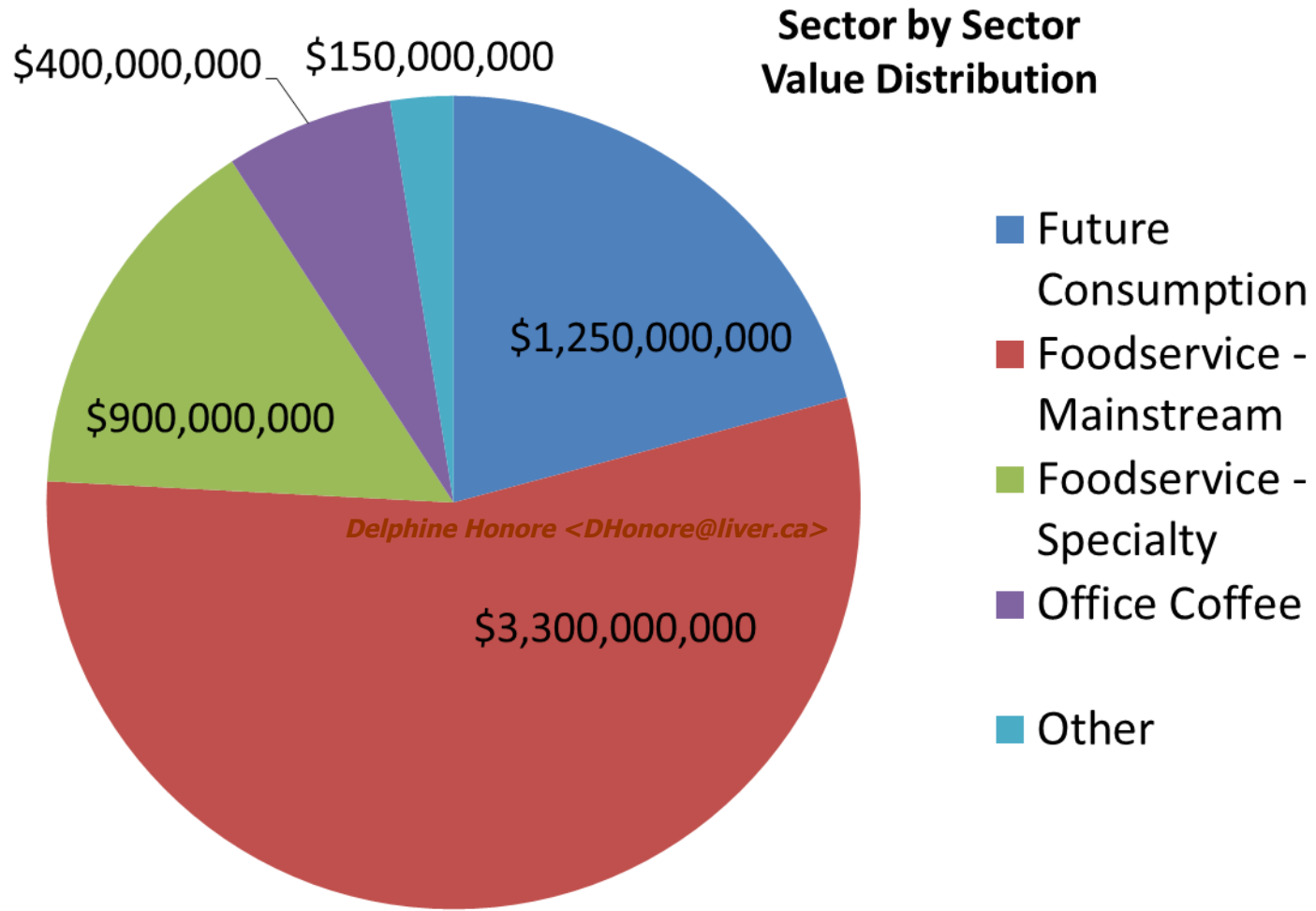
What, if anything, was **added** to this [COFFEE/COFFEE BEVERAGE] you had yesterday [TIME OF DAY]? Please select all that apply.

CANADIAN MARKET- Sector by Sector Volume

Sector by Sector Volume Share %



Canadian Market – Sector by Sector Value



Key Attributes of Canadian Market

- **Good / Very good quality market – high % Colombian and other milds- 55% from Colombia and Central America 85% from Latin America**
- **Innovative market – packaging and brewing technology – led to role as key supplier to the US market**
- **Significant foodservice – away from home consumption – relatively high quality, high “weight” , significant wastage sector**



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Very Active Foodservice Market

- Very active and competitive foodservice market- both speciality and mainstream
- #1 item in foodservice industry in terms of menu importance
- Relatively high number of coffee focussed businesses per population size -# of coffee focussed foodservice outlets detailed –4,000 MS, 4,000 Specialty + 2,000 New/ Emerging PI
- Significant success in mainstream coffee shops (good to very good coffee) and rapid growth in specialty chains and now proliferation of specialty cafes



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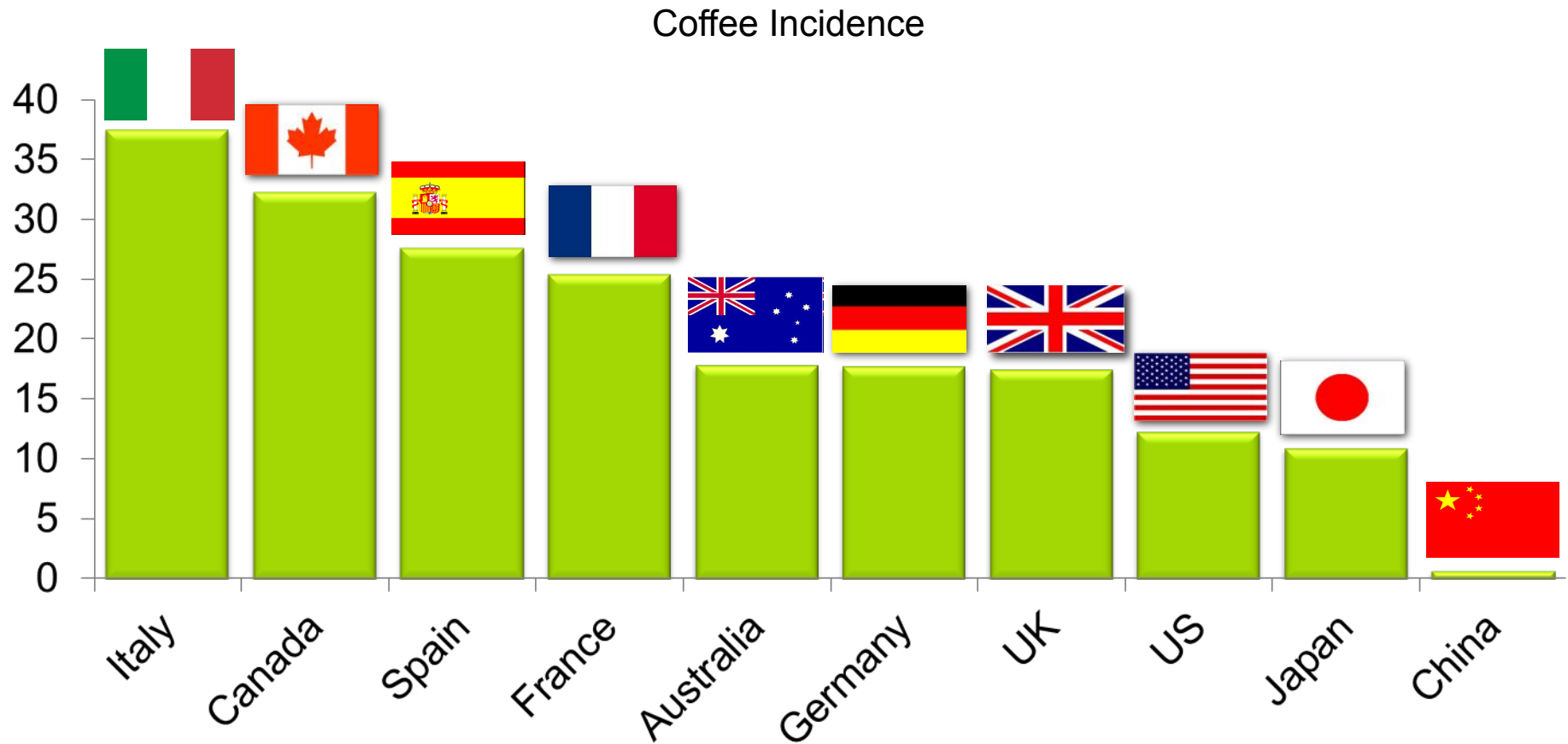
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Coffee is an important item on restaurant menus in Canada... second only to Italy

“Global” Coffee Incidence



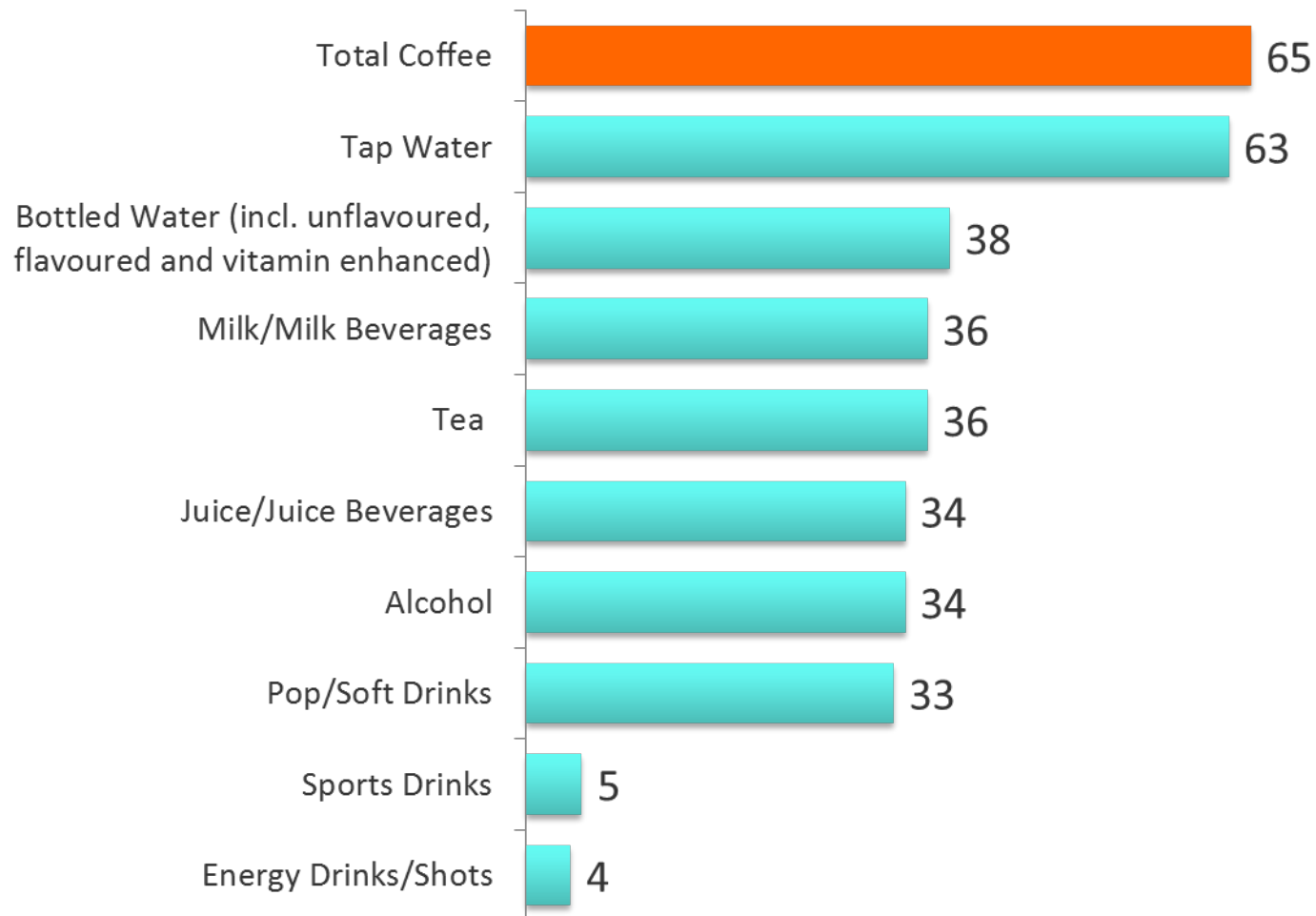
Behind Every Business Decision

Source: The NPD Group/ CREST Japan Population based on Tokyo/Osaka areas only

Proprietary and Confidential

Past-Day Beverage Penetration

PERCENT DRINKING PAST-DAY



Base: Total sample aged 18+ (2013 n=2,637).

What did you drink **yesterday** during each of the following times? This may include any beverage that you drank at home or outside your home and may have come in a cup, can or bottle.

Accessibility



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Future Consumption Market Being Transformed by Single Cup

- An innovation that five years ago might have been expected to change the office coffee sector become a category disruptor
- In home market changing at very high rate – from virtually no role AH five years ago single cup offerings over 40% of the value and nearly 16% of the volume now-future?
- (Big) Implications for producers!!



"Single Cup Perspective"

- From roaster vantage point
- From consumer standpoint
- From producer standpoint



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"Issues" on the Horizon

- **By-Products of the Roasting Process**
 - ***Acrylamide***
 - ***Furan***
 - ***Future Substances that will surface***
- **Caffeine (and labelling)**
 - ***Alternative / Competitive caffeine sources changing the landscape***
- **Mycotoxins (*OTA*) (backburner for now)**
- **Pesticide Residues – emerging potential**
- **Single Serve—environmental & cost issues?**



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Future Outlook and Activity

- **Positive with stimulus of new brewing formats**
- **Continued foodservice growth**
- **No major regulatory interventions appear likely**
- **Very competitive market emerging with sister beverage – tea - but often a strong add-on for many coffee players**



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***New activity in communication about
coffee and health***

Go For Coffee!

*Naturally safe,
essentially healthy*



Misez Café!

*Naturellement bon,
absolument santé*



Go For Coffee!

Naturally safe,
essentially healthy



**Yes or No:
Coffee drinkers are not
at increased risk
of cancer**

YES

NO

Take a break and learn about coffee




For most Canadians, coffee is part of the fabric of everyday life. It can be a morning ritual, a mid-morning pick me up, or an after dinner treat. Ever versatile, coffee can be savoured alone or with friends and conversation.

What coffee doesn't have to be is a guilty pleasure. The truth is that coffee is a safe and natural beverage choice. In fact, an emerging body of credible scientific research suggests that coffee may have a preventative role in various diseases, including various cancers, diabetes and Parkinson's disease to name a few.

Offered as an educational resource for both consumers and healthcare professionals, coffeeandhealth.ca highlights and summarizes current research on relevant topics. The Coffee Association of Canada invites you to explore the world of coffee and health and suggests you discuss any personal health issues with an appropriate professional who is familiar with your specific medical conditions.

- Home
- Naturally Coffee
- Caffeine Explained
- Coffee and Health
- Coffee & Your Lifestyle
- Antioxidant Facts
- Various Coffee Beverages
- Canadian Consumption Guidelines
- FAQ's
- What's New
- Ask a Dietitian
- References
- Links
- Contact

Website by: 

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For Those Interested in the Five Thousand Foot Overview—October 24th, 2013- Toronto

A Singular Cup

Annual Conference

Thursday October 24th
The Granite Club
Toronto, Ontario



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ORGANIZAÇÃO INTERNACIONAL DO CAFÉ



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Muchas Gracias y Obregado

Questions???

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