

Columbia College Chicago

Coffee Consumer Behavior

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Consumer Behavior
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Part 1: Research Report

History

Via information from USDA Economic Research Service, the National Coffee Association and PBS, they state that the history of coffee started around the 13th century. The popular Ethiopian legend states that coffee was discovered by a goat herder who found that goats who ate a red fruit from a coffee shrub had more energy. The coffee bean is found in this red fruit, and early in coffee's creation, this fruit was mixed with animal fat to form a protein bar. The red fruit has also been linked to wine. In 13th century Arabia, coffee was popular within the Muslim community to help caffeinate during long prayer sessions. And in 1616, more European countries followed suit in the creation of coffee.

In America, coffee wasn't prominent until The Boston Tea Party and the Civil War, which the tossing of tea and soldier energy boosted sales in coffee. And in the 1800s, coffee companies acted on these affairs and created businesses, such as Ariosa and Maxwell House. These companies provided consistency and convenience for consumers of coffee. With instant coffee being created in 1938 for American soldiers in WWII, this boomed the sales and marketing strategies of many coffee brands. Coffee rose 78% between 1910 and 1950. However, carbonated soft drinks created a downturn of coffee sales post-WWII. However, an awareness to specialty coffee started in the 1960s, which inspired the opening of Starbucks in Seattle in 1971.

Today, many more independent coffee shops continue specialty coffees, especially mixing sustainability, locally roasted and fair-trade bean issues into their brands. Coffee is still like wine to this day due to being an artistic trade that is enjoyed for its complex flavors. As of March 2020, 7 in 10 Americans drink coffee every week with 62% having coffee every day.

Marketplace

Competitive Factor	Folgers	Maxwell House	Dunkin' Donuts	Starbucks
Years of Existence	172	130	72	51
Product/Service	Ground, K-Cup, Instant and Single Serve Coffee	Ground, instant, liquid iced coffee, K-Cup	Liquid (iced/hot) coffee, grounds, creamers, k-cups, donuts, breakfast sandwiches and sides, merchandise	Liquid coffee (iced/hot), coffee grounds, food (breakfast, lunch, dinner. Italian, American cuisines), tea, merchandise, K-Cups
Price	\$5-\$15	\$5-\$9, \$16-\$26 for K-Cup	\$3-\$25	\$5-\$50
Target Audience	Millennials, men and women, office workers	Price conscious millennials, students and young workers	Gen Z, millennials, students, price conscious consumers	Gen Z, millennials, "hipster," popularity-conscious consumers
Competitive Advantage	Distribution, slogan/ads and years of experience	Distribution and years of experience	Rewards, slogan/ads and distribution	Popularity, ads, distribution and rewards
Sales Channel	Grocery stores	Grocery stores	DD stores and grocery stores	Starbucks stores and grocery stores
Ground coffee sales March 2020 in millions	1,016.59	424.14	315.63	502.97

Trends

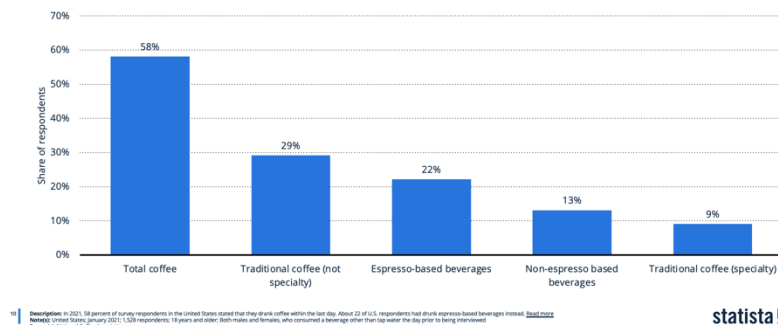


In the United States, Google Trends reports that coffee is most searched in Hawaii. Following this is Montana, Oregon, Minnesota and Washington from 2004 to now. The top searches in relation to coffee are coffee-drink, café-topic, coffeemaker, coffee table and table.

In a Statista presentation, Coffee Consumption Trends in the United States, they listed a variety of research done on consumer coffee trends. The most a consumer would spend on coffee at home is 11 to 20 U.S. Dollars, and the most one would spend at a coffee shop is 30.9%. As for what brands these consumers buy from in 2022, Starbucks is at the top with 39.4%, with Folgers and Dunkin also in the 30% area. The type of coffee consumption, as seen in the chart below, has traditional coffee (not specialty) the most common form of coffee consumed.

Past-day coffee consumption in the United States in 2021, by type of coffee

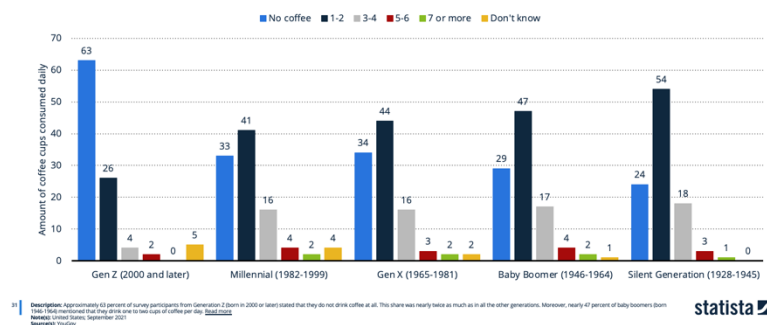
Coffee consumption in the U.S. by type 2021



By generation, in 2021 the daily coffee consumption per day for each age group is as follows: Gen Z, 63% said no coffee; Millennials, 41% said one to two cups; Gen X, 44% said one to two cups; Baby Boomer, 47% said one to two cups; and Silent Generation, 54% said one to two cups.

Daily coffee consumption in the United States in 2021, by generation

Daily coffee consumption in the United States 2021, by generation

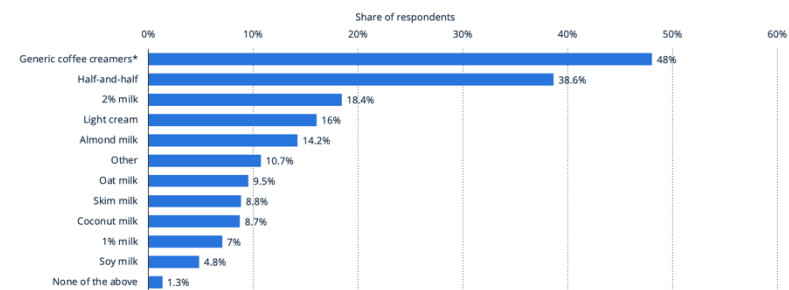


As for the type of roast, the trend in 2022 has been mostly medium (48.7%). Dark (27.7%) and light (12.4%) follow, with 11.1% of respondents having no preference. Decaf coffee is a hot topic for some coffee consumer, as 17.4% only drink decaf. As for coffee related dishes, a little more than half of respondents enjoy coffee cake the most, with coffee ice cream, Irish coffee and coffee liquor following. In recent years, oat milk has become an increasingly popular substitute for milk, as seen in social media trends. In 2021, 11% of Gen Z respondents drink oat milk lattes, while 54% of Millennials and 30% of Gen X do. Baby Boomers are the smallest demographic to drink oat milk lattes with 5% of respondents drinking them.

By gender, the preferred way of drinking coffee in the U.S. in 2022 is with cream and/or sugar. 46% of women respondents and 56% of male respondents chose this option. 22% of women and 17% of men said black. The type of sweetener mainly used is sugar, having 49% of respondents. At 33.7% is a zero-calorie sweetener. The amount of sweetener that is preferred is somewhat sweetened, said 27.7% of respondents. However, the largest answer is unsweetened. As for milk or creamer coffee consumers use, around half of respondents listed a generic coffee creamer as their go.

What type of milk or coffee creamer do you use?

Types of milk and coffee creamers used in the U.S. 2022



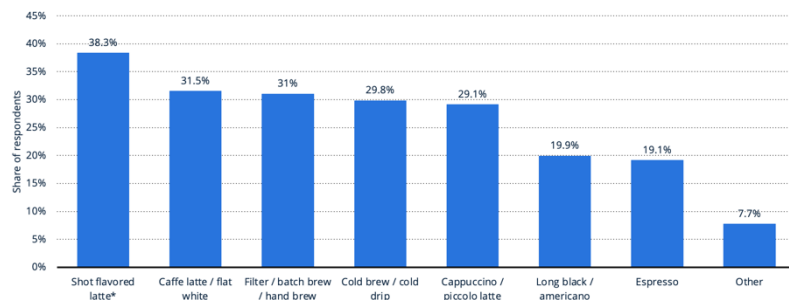
21 Description: According to a 2022 survey of American coffee drinkers, almost half of consumers who do not drink black coffee prefer a generic coffee creamer. Almond milk is the most popular milk alternative and is preferred by just over 14 percent of the survey respondents. [Read more](#)
 Notes: United States, June 28 to July 8, 2022, 1,502 respondents, 18 years and older. Respondents who do not drink black coffee. *Coffee creamer brands such as Coffee Mate, International Delight, etc. Multiple answers were possible. [Read more](#)
 Source(s): Drive Research

statista

Purchasing from a coffee shop is one to three days a week for 31.5% of respondents, where 30.4% go less than once a week and 22.2% never go. A shot flavored latte is what 38.3%, a majority, of respondents said was what coffee they get at a coffee shop. 73.9% of respondents said they drink coffee every day. And 68% of respondents say they make coffee at home every day.

What type of coffee do you consume at a coffee shop?

Types of coffee consumed in coffee shops by U.S. consumers 2022



21 Description: According to a recent U.S. study, flavored lattes are the most commonly consumed coffee beverages in coffee shops. About 38.3 percent of consumers purchase flavored lattes. Caffe lattes and flat whites are the next most popular coffee shop drink, consumed by 31.5 percent of survey respondents. [Read more](#)
 Notes: United States, June 28 to July 8, 2022, 1,502 respondents, 18 years and older. Respondents who reported purchasing coffee from a coffee shop. * For example mocha, hazelnut, French vanilla, caramel. [Read more](#)
 Source(s): Drive Research

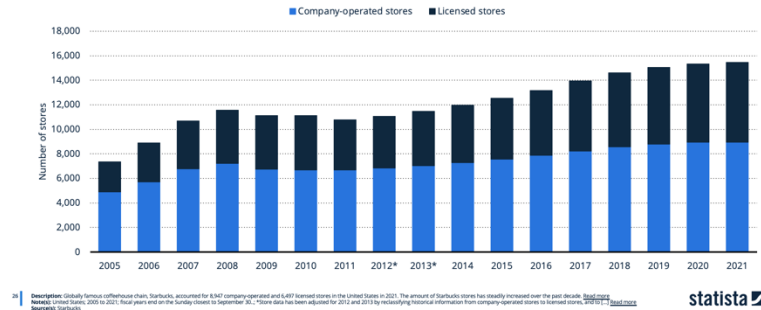
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Starbucks Coffee Consumption

The number of Starbucks stores in the U.S. in 2005 was around 7,000. In 2021, there around 16,000 stores, with around 9,000 being company-operated stores and 7,000 being licensed.

Number of Starbucks stores in the United States from 2005 to 2021

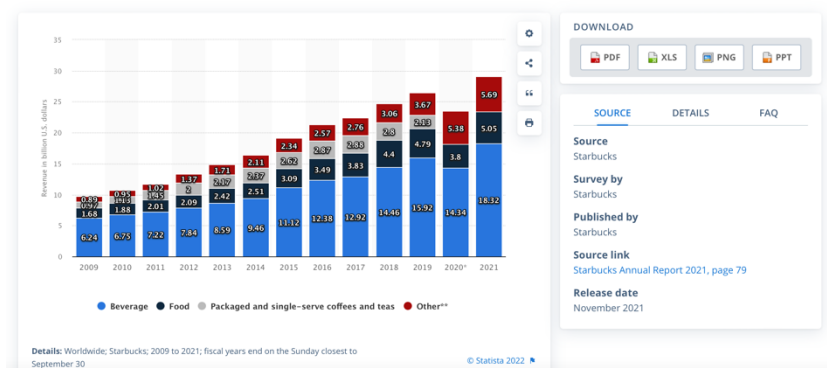
Number of Starbucks stores in the U.S. from 2005 to 2021



Starbucks has 24,556,000 sales in USD as of 2021, Statista reports. Mintel states that Starbucks is a second-wave coffee shop. This defines them as making specialty coffee drinks, like lattes and cappuccinos, specifically for young adults. They have a demand for higher-quality coffee, which has increased since Starbucks' creation. However, with the COVID pandemic and TikTok trends gaining traction, Mintel states that brands like Starbucks, whose recipes can be easily recreated and posted on social media for others to replicate or have people creating their own recipes at home, could be in trouble. They state that Starbucks should capitalize on these coffee trends from social media and release products that match the content and collaborate with these content creators.

The Ohio State University Starbucks Coffee – Commodity Chain Project states that in 2012, Starbucks sold an estimated 2.3 billion cups of coffee or coffee related drinks. For Starbucks, this gained them 9.46 billion dollars in drinks. Statista states that in 2009, 6.24 billion dollars was gained from beverages, where in 2021 18.32 billion dollars was gained from beverages. This chart also states that Starbucks' revenue in 2021 is close to 30 billion dollars.

Revenue distribution of Starbucks from 2009 to 2021, by product type
(in billion U.S. dollars)



OSU's Starbucks report also states that since 2006, Starbucks began creating their cups with 10% post-consumer recycled paper fibers. As well, they have discounts for consumers who use their own mugs or have Starbucks reusable mugs when ordering.

Overall, Statista states that Starbucks has a 77 in the American Customer Satisfaction score in 2022. They dropped to the same score they had in 2006. Their two highs, both 80, were in 2011 and 2013, and their lowest score was 74 in 2015.

Netnography

Instagram @starbuckschicagoreserve: 12.3k followers, 522 likes on recent post from October 1. Likes/views are from 100-8,000. Each post has less than 20 comments on average.

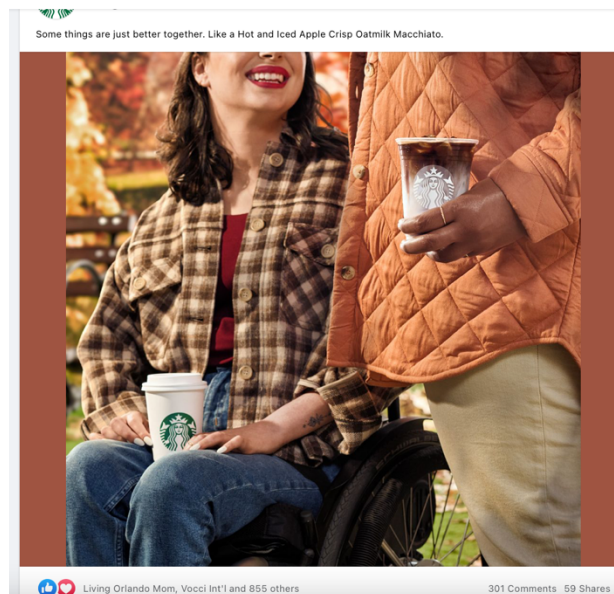
Instagram @starbucksreserve_newyork: 11.8k followers, 101 likes on recent post from October 5. Likes/views are from 100-500. Each post has less than 20 comments on average.

Instagram @starbucks: Verified, 17.9M followers, 29k likes on recent post from October 21. Likes/views are from 15k to 300k. Each post has 100-2,000 comments on average.

Instagram #starbucks: 38,886,800 posts. Top recent posts: Starbucks merchandise like cups; fun Halloween drink "Purple Frappuccino"; shared recipes of what consumer ordered at Starbucks.

Twitter search "starbucks": "I visited 2 of your locations, on 2 separate occasions, in the Villages FL and Lady Lake FL, and they both were out of White Chocolate Mocha! This is my favorite hot drink every morning, please help me understand!" -@TheGreatest357, October 21, 2022. "Call me crazy but I wanna go to Chicago just to go to their Starbucks and walk around the city. I'm so sad I won't be there this holiday szn" -@beccaa0929, October 21, 2022. "I used to be a Starbucks fan but then I traveled a lot in Europe and learned about Nespresso. Now I have a Nespresso machine and home and I would never go out for coffee – unless it's a social situation!" -@Chiangel1984, October 21, 2022.

Facebook Starbucks account: Total like: 36,160,485; Total follow: 35,095,149; recent post:



Conclusion

Since the creation of coffee, it has continued to be a force in the beverage industry. From independent stores to large brands like Starbucks, coffee is everywhere. The coffee type that is most bought or made is an espresso shot latte with flavors. This type of coffee order is all over big brands, such as a Pumpkin Spice Latte from Starbucks. Millennials to the Silent Generation love their coffee, with each person in these demographics drinking one to two cups per day, on average. As seen online via social media and the overall coffee marketplace, Millennials are driving the coffee industry. In addition to a usual type of coffee, chains like Dunkin' Donuts and Starbucks create unusual drinks, such as Starbucks' "purple Frappuccino," to appeal to a wider variety that may not like a typical espresso coffee. In all, coffee is still a growing industry, and brands can create it in their own way to appeal to their target market.

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Part 2: Fieldwork Report

Starbucks store visit

76 customers walked in or were already in there from 3:00 p.m. to 3:55 p.m.

White, middle-aged, Black, young (20s), collegiate, studious (laptops), couples, Asian, Hispanic, casual business attire, one homeless man, four kids with their mom, couples in suits/dresses that look like they're attending a formal event, casual attire such as hoodies and sweatshirts, three white baby boomer couples dressed sporty, athletic wear.

Everyone goes straight to counter, even if holding a backpack or coats that can be put down.

Family ordered cake pops, grande hot drinks and cheese sticks. A young woman, casually dressed, ordered a venti tea. 6 men that were wearing suits ordered venti iced lattes. A mixed-race Gen Z girl bought a venti iced pumpkin spiced latte. Millennial women wearing a sweater and vest ordered a venti water and grande iced macchiato, paid with Starbucks app. Most customers paid with the app, while about 20% of customers paid with card or cash. Many customers ordered grande hot or iced macchiatos, some different flavors like salted caramel. A couple, seemingly supporting the Chicago Marathon, bought a Starbucks Chicago cup with a straw and left. An athletic couple walked in and looked at pastries, then left without buying something. In total, 7 heated food items were sold.

While waiting, people that are looking to get their drinks and leave wait by the waiting counter. Those that plan on working or chatting with people find a table to put their items at and wait there.

Customers that keep coats and bags on leave after receiving their orders. Within 15 minutes of staying there, 6 customers out of 14 left after receiving their order. Others stay to social or work on laptops.

Working on laptop, such as calls, homework or work for their job. Couples, families and friends sit and chat while waiting and drinking/eating. A Latinx man watching sports on his laptop. A white man had been in the store since I got there and was reading a book.

Starbucks at 600 N State St., Chicago, IL 60654. Weather was 50° F, I went on October 8, 2022, from 3:00 p.m. to 4:00 p.m. Music was calm and low-fi versions of current pop songs. There was a consistent flow of traffic walking past the front entrance side of the store, with most people looking in when passing the store. Most customers keep their voices lowered when ordering. Less than 25% of customers say they needed a moment before ordering, meaning customers know what they want before entering the store or they are deciding while in line.

Starbucks Reserve Roastery

40 customers on first floor at 10:00 a.m. White, Hispanic, Indian, Black. Gen-Z and Millennial. Business, athletic, casual attire. Around 70 people on second floor. Casual, preppy, lots of coats. One woman wearing Louis Vuitton and Coach. Groups and families. Tourists. 43 people on the third floor. White, middle aged. An overall mix of men and women presenting people. 35 people on the fourth floor. Millennials, preppy wear.

People go to gift shop on left side or wait for coffee in line. Explore the entire store and take lots of pictures. Some people also talked to the employees about the background of this Starbucks Reserve. On fourth floor, not many people were looking at the gift shop.

A guest ordered \$22.25 of items and paid with the Starbucks app. He ordered two cappuccinos and three croissants. He was older, white, and sounded French. On second floor, a middle-aged man ordered three croissants and two Princi coffees. Dad and son bought egg salad croissants with two coffees. Woman, wearing jeans and Nikes, bought two hot lattes, croissant and fruit. Two Black women, millennials, bought a coffee flight and sat down to drink it. On fourth floor, guests were drinking Rose and fancy coffee related drinks.

Stand by waiting area to wait on their phones, taking pictures or talking with people they came with. Some working on laptops, on second floor 38 sitting and waiting/eating and 30 people waiting in line to order. People work calmly on laptops or socialize.

A woman got her drink and food, added sugar and cream to drink, and left. Everyone else that ordered stayed. I recognized people from the first floor on the third floor, possibly because it is more open and brighter.

Look for seats on the second floor, enjoy company, look around and explore the store.

Low-fi Billie Eilish music played, amongst other low-fi music. Lots of people buy things to go or gifts. As well, people enjoy sitting by the windows to look out. Lighting on first and second floors were calming and low. Third and fourth floors were bright, due to the number of windows. More upbeat music on the third and fourth floors. The fifth floor, outdoor section, was locked. An overall strong smell of coffee on first through third floors, but not too strong that it was upsetting. Noise during the third floor was beans filling the containers. Fourth floor was quieter and had low-fi club music playing.

Conclusion

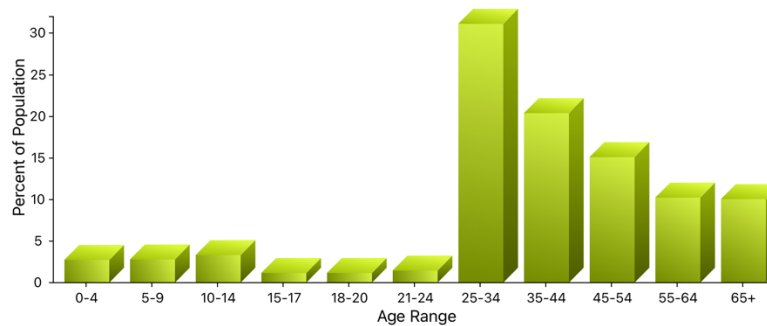
Consumers in a regular Starbucks

Mainly white, middle-aged customers entered this store from 3 to 4 p.m. Many people ordered hot beverages, probably due to the weather. As well, a grande macchiato with varying flavors was the most ordered drink amongst the customers. There were 76 customers in total, lots of them staying in the store to talk with friends or work on laptops, while the rest left with their orders. Not many food items were sold, mainly hot coffee or hot teas. For being at this location, their attire leaned more on casual business and athleisurewear.



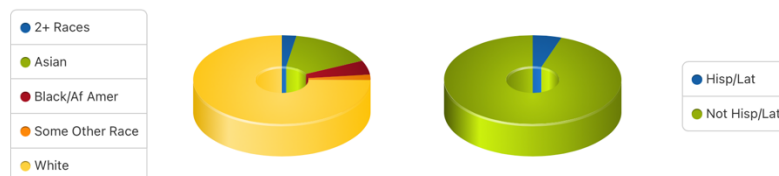
Source: Claritas Pop-Facts® Demographics 2022

Via this graph by Claritas PRIZM Premier, the zip code of 600 N State Street, 60654, the average income is between \$50k - \$200K. These incomes are the most consistent throughout the graph.



Source: Claritas Pop-Facts® Demographics 2022

As well, this graph states that the highest percent of population is ages 25-34 in this zip code.



Source: Claritas Pop-Facts® Demographics 2022

Finally, this graph shows that the largest population in this zip code is White, non-Hispanic/Latinx.

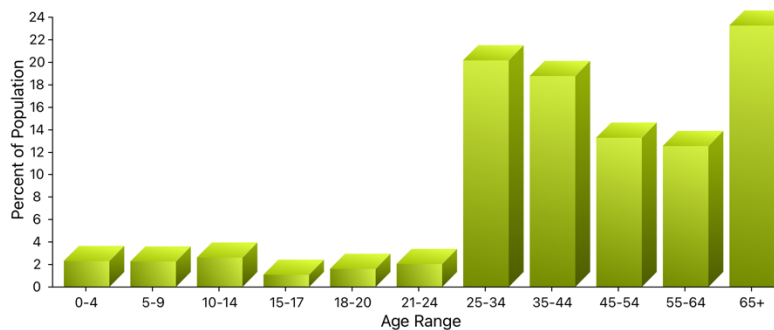
Consumers at the Reserve

People of various demographics, but most of Millennial generation. Customers, around 150 in total, spent time hanging out and drinking/eating with friends and family. Some worked on laptops. Second floor was the busiest, with the fourth floor being the barest that was open (not including fifth floor). People enjoyed the different types of beverages and foods that the reserve offers, with many of the orders going out including a hot grande coffee in a mug with croissants of varying types. People enjoyed exploring the entire store, including the food sections and gift shops.



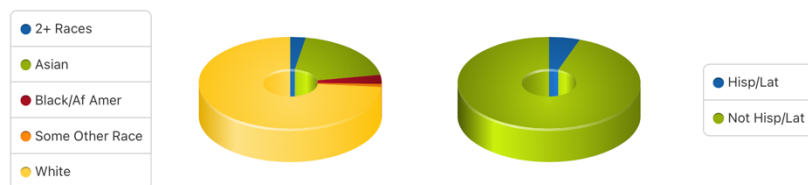
Source: Claritas Pop-Facts® Demographics 2022

This graph shows the income of the zip code population of the Starbucks Reserve, 60611. This income shows that more people are within the \$50K – \$200k demographic.



Source: Claritas Pop-Facts® Demographics 2022

The average age range is more consistent from ages 25-65+ in this zip code.



Source: Claritas Pop-Facts® Demographics 2022

And lastly, this graph for zip code 60611 shows that this neighborhood has consistent demographics as the regular Starbucks, with White and non-Hispanic/Latinx being the most popular race.

Consumer Trend Canvas for a regular Starbucks

-Basic: Coffee smell, need for energy, socialization, place to work

-Drivers of Change: Shifts: Starbucks is a place where most people will find comfort in busy noise and the smell of coffee. Triggers: People can use the Starbucks app to order their coffee, pick it up and leave, without having to stay in the store for long. As well, pick-up and delivery options exist for those that don't want to leave their house.

-Emerging Consumer Expectations: Consumers want ease in ordering food and having it delivered so they don't need to leave. I believe this is due to the pandemic and what has come about from that. The app satisfies this expectation.

-Inspiration: Other businesses, such as Dunkin' Donuts, also have apps that a customer can order directly from and pick it up when entering the store.

Consumer Trend Canvas for Reserve

-Basic: Tourism, popularity, socialization, to be up with coffee trends.

-Drivers of Change: Shifts: The Reserve has created a new form of coffee shops where everything is fresher and more of a tourist location. Triggers: Coffee roasted in house.

-Emerging Consumer Expectations. Customers at the Reserve expect high quality coffee in a luxurious spot. The Starbucks Reserve allows consumers to have this because it is geared for tourism and class.

-Inspiration: Barnes and Noble also included a kitchen in some of their stores roughly around the same time that Starbucks Reserve Roasteries began.

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