

The United Kingdom's market potential for coffee

The United Kingdom ranks among the largest European coffee-consuming markets. Within Europe, the United Kingdom is a key market for certified coffees. British in-home consumption is still dominated by the sale of instant coffees, but higher-quality coffee pods and ground coffee are gaining popularity. The popularity of higher-quality coffees is also driven by the enormous coffee shop market in the country.

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1. Product description

Approximately 124 coffee species exist in the wild, of which only a few are commercially relevant. The two most important species on the market are:

- *Coffea Arabica* (Arabica): Referred to as a highland coffee, because it grows best at altitudes between 600 and 2,000 metres, Arabica is the most dominant species in the coffee market, representing about 75% of global coffee production. Each coffee tree yields an average of two to four kilos of cherries. Arabica beans are fairly flat and elongated. Arabica coffee beans have a smoother, more aromatic and more flavourful taste compared to Robusta. Arabica beans have a caffeine content of approximately 1.5%.

The main sub-varieties of Arabica are the Yemen accession, which branches out into [Typica](#) and [Bourbon](#) coffee lineages and the Ethiopia/Sudan accession.

Examples of Typica cultivars are the Hawaiian Kona, Jamaican Blue Mountain, [SL14](#) and [Maragogipe](#). Examples of the Bourbon cultivars that are found mostly in Latin America are [Caturra](#), [Villa Sarchi](#) and [Pacas](#). Examples of Bourbon cultivars found in East Africa are [Jackson](#), [K7](#), [SL28](#) and [SL34](#).

Examples of the Ethiopian and Sudanese cultivars are [Geisha](#), [Java](#), Sudan Rume and Tafari Kela.

- *Coffea Canephora* (Robusta): Robusta coffee can be considered a lowland coffee, as it grows best at altitudes below 600 metres. Robusta accounts for around 20% of global coffee production. Its beans have a caffeine content of approximately 2.7%. Robusta is less susceptible to pests and diseases than Arabica. Its beans are smaller and rounder than Arabica beans. When roasted, Robusta beans generally have a stronger and harsher taste than Arabica, and it is often described as bitter. Robusta beans are often used in coffee blends. Examples of crossbreeds of the Arabica and Robusta species are [Catimor](#), [Castillo](#) (the most commonly coffee plant grown in Colombia), [IHCAFE90](#), [Ruiru 11](#) and Sarchimor.

Harmonised System (HS) codes are used to classify products and to calculate international trade statistics, such as imports and exports. The focus in this study is on green coffee beans, which are classified in HS codes 090111 (coffee, not roasted, not decaffeinated) and 090112 (coffee, not roasted, decaffeinated). The available data do not distinguish between conventional and specialty coffees.

2. What makes the United Kingdom an interesting market for coffee?

Although per capita coffee consumption in the United Kingdom is relatively low, the country ranks among the largest European coffee-consuming markets. Out-of-home consumption is an important segment for coffee sales in the United Kingdom, and is an important driver for the growing interest in specialty coffees. The largest European branded coffee shop market can be found in the United Kingdom.

United Kingdom is among Europe's largest importers of green coffee

The United Kingdom is Europe's eighth-largest green coffee importer, with nearly 190 thousand tonnes in 2019. About 95% of British green coffee imports are sourced directly from producing countries, which accounted for 5.6% of Europe's total in 2019. Between 2015 and 2019, the United Kingdom's direct import volumes increased at an average annual rate of 2.2%.

The United Kingdom is Europe's fifth-largest coffee market

Once known as a traditional tea-drinking nation, the United Kingdom has become one of the largest coffee consuming countries in Europe in recent years. The United Kingdom was the fifth-largest coffee market in Europe in 2018, after Germany, Italy, France and Spain. The British coffee market consumed over [120 thousand tonnes](#) in 2018, reaching 6.6% of the total European market. Between 2017 and 2018, the coffee market in the United Kingdom grew by 2.5%.

These figures show that British consumers drank approximately [95 million](#) cups of coffee per day in 2018, which marks an increase of 25 million compared to ten years earlier. Despite the size of the market, per capita consumption of coffee in the United Kingdom is relatively low, at [2.9 kg](#) of coffee per year. This is much lower than the European Union's average of [5.2 kg](#) per year.

In 2020, due to the global COVID-19 crisis, the British coffee market is expected to decline slightly, at a rate of [-0.5%](#). The crisis has mainly impacted the out-of-home coffee segments worldwide, and in the United Kingdom there is still a rather strong tea culture at home, which explains this decline.

At the time of writing, it is difficult to give growth perspective for the United Kingdom. In general, the [interest in coffee is not expected to decline](#) in the long run, indicating that the coffee market and its demand will pick up again after the worst effects of the crisis have passed.

The United Kingdom has an enormous coffee shop market

The total number of coffee shops in the United Kingdom totalled [25,892 outlets](#) across the branded, independent and non-specialist segments, and registered a growth rate of 1.6% in 2019. The United Kingdom reached a total number of 8,222 branded coffee shops, which makes it [Europe's largest branded coffee shop market](#), followed by Germany and France. In 2019, the leading coffee shop brand in the United Kingdom was [Costa Coffee](#), with [2,625 shops](#), followed by [Greggs](#) with 1,048 shops, and [Starbucks](#) with 995 shops.

Due to the [COVID-19 crisis and its impact on out-of-home consumption](#), no further growth of the coffee shop market is expected in 2020. Nevertheless, despite the pandemic, [Allegra World Coffee Portal foresees that the long-term outlook for the British coffee shops remains positive](#). Within the United Kingdom, the coffee shop segment is considered one of the most resilient economies in the country.

Before the COVID-19 crisis, the World Coffee Portal expected the branded coffee shop market to grow at an average annual rate of [2.4%](#) between 2020 and 2024. In its shift from a tea to coffee-consuming country, the United Kingdom has seen a growth in coffee shops for several years. In 2018, the branded coffee corner market registered a growth rate of [8.7%](#), while the market growth rate stalled at 0.9% in 2019.

Growth rates for the independent coffee shop market were predicted to be slightly higher, with [3%](#) average annual growth between 2020 and 2024. The total number of independent coffee shops reached 7,022 in 2019, with a value of €2.7 billion. Between 2018 and 2019, the independent coffee shop market grew by 4%.

The size and growth of the coffee shop market also drives the growth of the specialty coffee market in the United Kingdom. Read more about this in the trend section below.

Tips:

Activate the “Translation” function of your browser to make the studies available in your native language.

See the website of the [British Coffee Association](#) for more information about the coffee industry in the United Kingdom.

Access the [EU Trade Helpdesk](#) to analyse European and British trade dynamics and to build your export strategy. By selecting the United Kingdom as your reporting country, you will be able to follow developments such as the emergence of new suppliers and the decline of established ones.

See our study of [trade statistics for coffee](#) for more detailed information about the European trade in green coffee beans.

Refer to this [list of coffee roasters](#) in the United Kingdom and Ireland, as it gives a good idea of the profiles of British coffee roasters.

Refer to [Allegra World Coffee Portal](#) to read more about the coffee market in the United Kingdom.

3. Which trends offer opportunities in the British market?

Sustainability is a leading consumer trend in the United Kingdom, as the country is an important market for certified coffees. The United Kingdom is the leading European market for both Rainforest Alliance and Fairtrade-certifications. Although in-home coffee consumption is still largely dominated by the sale of instant coffee, coffee pods and ground coffee are gaining in popularity. This trend is mainly driven by the younger generations, which are increasingly interested in higher-quality coffees.

Sustainability plays a major role in the British coffee sector

Sustainability concerns are seen as the [most important consumer trend](#) affecting the British coffee sector in 2020. Environmental sustainability and traceability are listed as main concerns of British coffee consumers.

It is no surprise that sustainability certifications are well-established on the British market. The United Kingdom [has the largest number of Rainforest Alliance/UTZ coffee retailers in Europe](#), including [Costa Coffee](#), [JD Wetherspoon](#), [Benugo](#), as well as retailers [Tesco](#), [Marks & Spencer](#) and [ASDA](#).

The United Kingdom is also the [leading market for Fairtrade-certified coffee](#). [Sainsbury's](#), [Waitrose](#) and [Marks & Spencer](#) are examples of British retailers that converted their entire private label coffee lines to 100% Fairtrade. [Greggs](#), the largest bakery chain in the United Kingdom, drove up [growth in Fairtrade coffee sales in the out-of-home segment](#).

In 2018, Fairtrade coffee sales in the United Kingdom helped generate over [€9 million Fairtrade Premiums](#) for certified coffee producers, which was about [12%](#) of the total worldwide. Fairtrade Premiums are invested in farmer services and community projects in coffee producing countries.

The United Kingdom also offers a large market for organic coffee. The United Kingdom is the [fifth-largest market for organic foods in Europe](#). The organic market amounted to [€2.8 billion](#) in 2019, registering 4.5% market growth. Companies in the United Kingdom dealing exclusively in organic coffee include [Beanberry Coffee Company](#) and [Green Bridge Organics](#).

The British market is also open to lesser-known certification schemes such as [Bird Friendly](#)-certified coffee. British [Bird-Friendly certified coffee roasters](#) include [Bird & Wild](#), [Cafeology](#) and [Masteroast](#). Note that Bird

Friendly-certified coffees are very small niche markets.

Examples of coffee exporters that clearly communicate on the sustainability practices of their business are [O'Coffee](#) (Brazil) and [Cedro Alto](#) (Colombia).

The United Kingdom is a booming specialty coffee market

Both branded and independent coffee shops and roasters define the specialty market in the United Kingdom, as such the specialty coffee market is highly influenced by out-of-home consumption. In the United Kingdom, out-of-home consumption accounts for **32%** of total coffee consumption in volume, leaving the other 68% to retail. To compare, in 2018, the European average for out-of-home consumption was less than 22%. About **15%** of out-of-home coffee consumption is estimated to be specialty graded. The specialty coffee market is expected to grow by 13% in 2020.

In 2019, the United Kingdom counted a total of **25,892 coffee shops**, of which **1,400** were categorised as specialty coffee shops. Examples of these shops include [Small Batch Coffee Roasters](#), [Union Brew Lab](#), [Caravan Coffee Roasters](#), [Wood Street Coffee](#) and [Redemption Roasters](#). These shops roast and serve their own specialty coffees.

Although London hosts [one of the United Kingdom's main coffee festivals](#), and is said to have become the [European heart of specialty coffee](#), the British specialty market reaches far beyond the country's capital. Many other cities host coffee festivals, which have become an important platform for specialty coffee houses and roasters, including [Manchester](#), [Edinburgh](#), [Glasgow](#), [Birmingham](#) and [Kent](#). There is also a nationwide coffee festival: the [UK Coffee Week](#).

Growth of single-serve coffee pods, but instant coffee still popular

Compared to most other European countries, British coffee consumers drink relatively large amounts of instant coffee. Up to **80%** of British households buys instant coffee for in-home consumption, particularly older generations, amounting to more than 38 thousand tonnes in 2018. That year, the volume share of instant coffee even reached **41%** of the entire British market. To compare, the average volume market share of instant coffee in Europe is 17%.

On the other hand, [single-serve pods are gaining popularity](#) on the British coffee market. In 2018, coffee pods made up **13%** of the entire British coffee market, a 3% increase from 2016. An estimated **12.6 million** British households owned a coffee pod machine in 2018, amounting to 46% of [total households](#) in the United Kingdom that year. Research has indicated that there is [still ample room for coffee pods growth](#) in the United Kingdom.

The growing sales for coffee pods is [largely driven by millennials](#) (age range ~25-40 in 2020). The ease-of-use of these products, the strong marketing and the wide variety of flavours have contributed to the growing sales of this segment. Within the single-serve market there is also a growing offer of specialty coffee capsules. Examples in the United Kingdom include [Sendero Specialty Coffee](#), [Colonna Coffee](#) and [Halo Coffee](#).

On the other hand, the [downside of coffee pods is the negative environmental impact](#). As environmental concerns are a main trend driving the British coffee industry, several United Kingdom-based coffee companies have introduced recyclable and compostable solutions and alternatives. Examples include [Roar Gill](#), [Cru Kafe](#) and [Grind](#).

Read-to-drink coffees are growing in popularity in the United Kingdom

[Ready-to-drink \(RTD\) coffees have become increasingly popular](#) across the United Kingdom. Today, RTD coffees are widely for sale in branded coffee chains, independent coffee houses and supermarkets. The convenience of RTD coffees and their perceived health aspects ([as an alternative to sodas](#)) are driving this trend.

The RTD market in the United Kingdom is quite consolidated, with large players such as [Starbucks](#), [Coca-Cola](#)

(which owns Costa Coffee), [Caffé Nero](#) and [Lavazza](#) dominating the segment. The British RTD coffee market is expected to register annual growth of [2.4%](#) from 2020 to 2024.

Within the RTD segment, [cold brewed coffee is gaining popularity](#). British brands offering cold brew RTD include [Sandows](#), [Union Hand Roasted Coffee](#) and [Minor Figures](#).

Impact of Brexit on British coffee industry remains largely uncertain

As of 31 January 2020, the United Kingdom is no longer a member of the European Union. Until 31 December 2020, the rules and trading relationships with the European Union still apply, while both the United Kingdom and the European Union are negotiating their new (trade) relationship. The [British Coffee Association](#) is ensuring close collaboration with the British government to work towards a smooth transition to minimise the (trade) impact.

The [implications of Brexit on the British coffee industry remain uncertain](#). The possible impact on the value of the pound is considered the most pressing issue for the British coffee industry, as it might affect the disposable income of British coffee consumers. This may slow down the current growth rate of out-of-home consumption and the specialty coffee segment.

Tips:

See [our study on trends in coffee](#) to learn more about current trends in the European market.

Thinking about certifying your coffee? Before engaging in a certification programme, always make sure to check (in consultation with your potential buyer) that a label has sufficient demand in your target market and whether it will be cost-beneficial for your product.

Find potential business partners in the United Kingdom for certified coffee by checking the lists of [Fairtrade-certified operators](#), [Rainforest Alliance/UTZ certified coffee supply chain actors](#) and [British organic coffee importers](#).


Are you interested in exporting high-quality coffee? Learn more about cupping scores on the website of the [Specialty Coffee Association](#) (SCA). You can also consider getting a [Q-grader or R-grader certificate](#) to be able to cup and score your Arabica and/or Robusta coffee according to international standards.


Follow the updates of the [British Coffee Association](#) and refer to this [BBC blog](#) to keep up to date about Brexit and its impact on the United Kingdom's coffee industry.


This study has been carried out on behalf of CBI by [ProFound – Advisers In Development](#).

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