

US Specialty Coffee Retail Sales Rise 11% in 2006

April 11By Marvin Perez

Market sales \$12.27 billion in 2006
Independent cafes represent largest segment
23,900 units operating

New York, April 11 (CoffeeNetwork) The U.S. specialty coffee industry meets next month amid an 11% increase in the sector's total sales, boosted by a jump of 2,500 new cafes last year. Independent coffee houses still represent the largest segment, followed by large cafe chains that include Starbucks, Peet's Coffee and Coffee Bean & Tea Leaf.

According to Chicago-based research company Mintel, there were 23,900 operating establishments selling specialty coffee in the United States, up 2,500, or 11% from 21,400 at the end of 2005, and far higher than 13,800 units in 2001.

The total market sales were \$12.27 billion last year, up 11.6% from \$11.05 billion in 2005, and sharply higher than \$8.3 billion in 2001. The 2006 pace of growth slowed down a bit from 14% growth in 2004-05.

Coffeehouses that are independent (1-3 units) made up 57% of the total, followed by coffeehouses that are chains (10+ units) with 40% and coffeehouses that are micro-chains (4-9 units) with 3%.

The total numbers of operating units include 15,500 Coffee Cafes, which included beverage retailers with seating, with annual sales of \$550,000 or more. That segment's sales stood at \$8.53 billion.

Most of the increase in coffee cafes segment came courtesy of Starbucks and Dunkin' Donuts. Starbucks opened 1,543 stores in the U.S. in FY 2006 while Dunkin' Donuts said that it was expecting to open 540 stores to FY 2006 ended in August last year.

Meanwhile, there were 3,600 Coffee Kiosks, or beverage retailers without seating, with annual sales of \$300,000 or more. The group sold \$1.08 billion.

Coffee Carts, mobile beverage retailers, numbered 2,900, with annual average sales of \$140,000. The group has sales for \$410 million

Coffee Bean Roaster/Retailers, roasting on premise, totaled 1,900 locations averaging \$925,000 in annual sales, for total group sales of \$1.76 billion.

Sales for Food, Drug & Mass Merchandiser, and FDM, without Wal-Mart) Specialty Bean Sales summed \$490 million.

The Specialty Coffee Association of America (SCAA), the world's largest coffee trade association with over 2,700 member companies, expects to attract more than 10,000 professionals from 40 countries to shape the future of coffee during its 19th Annual Conference & Exhibition.

The event will take place May 4 - 7, 2007 at the Long Beach Convention & Entertainment Center, Long Beach, Calif.

Specialty coffee is defined as a coffee that has no defects and has a distinctive flavor in the cup. One cup costs, on average, about 24 cents (based on 50 cups/lb @ \$12/lb) -making it cheaper than bottled water. Everyday, Americans drink more than 300 million cups of coffee; 75% of those cups are home-brewed.

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