

Beverages need to be *worth leaving the house for*. They need to be *differentiated & difficult to replicate* at home.

Away-from-home Beverage Consumption

Cold beverages and cold coffee are reshaping the foodservice industry

Thirst for Innovation

Away-from-home beverage consumption is about socializing and making consumers feel good while in-home consumption is tied to daily routines. Consumers are more experimental and willing to try new items while dining out¹ and 44% of consumers ages 18-34 say they would like to try new and unique beverages at restaurants.²



Foodservice Beverage Industry Update³

Beverage growth continued to show recovery in 2022, outpacing overall industry growth.

+10%

Total Industry Sales

+13.9%

Beverage Sales

Cold beverages grew faster than hot beverages, reflecting a shift in consumer tastes and behavior.

+11.7%

Hot Beverage Sales

+14.9%

Cold Beverage Sales

Beverage growth is expected to moderate going forward as the industry returns to a more normal growth cadence.

+3.1%

Hot Beverage Growth

+3.4%

Cold Beverage Growth

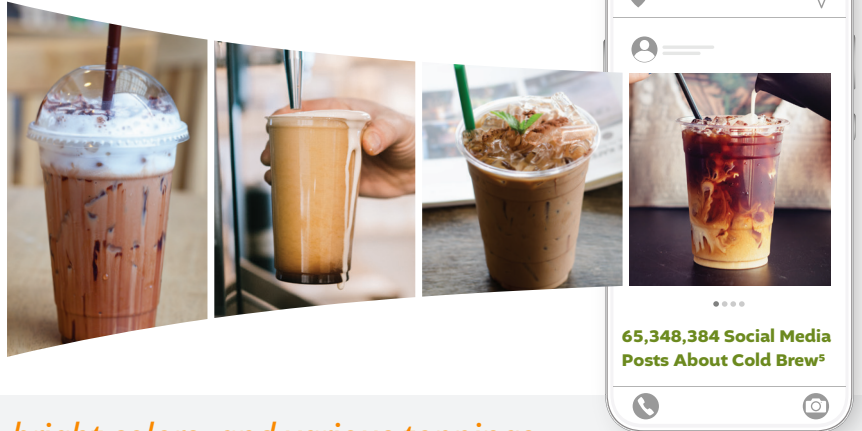
Average Per Year For 5 Yrs

Cold Coffee Consumers

Younger consumers are shaping the future of coffee

Why do younger consumers prefer cold coffee beverages?⁴

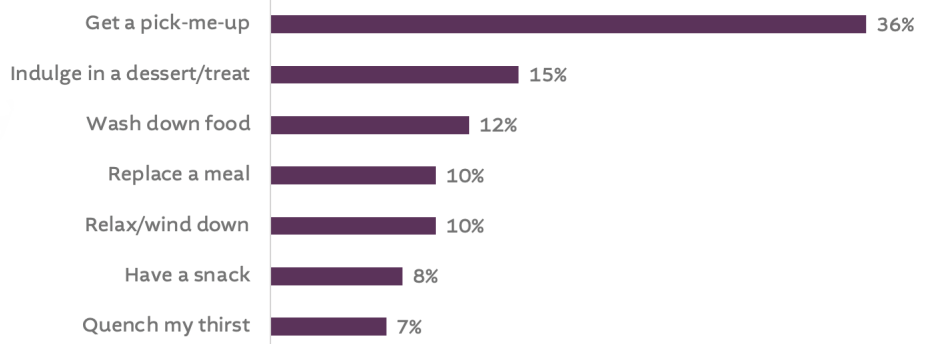
- More refreshing, better tasting
- More of a treat
- Easily customized
- Instagram-able



“The clear cups, bright colors, and various toppings in iced drinks makes them highly attractive for social media posts.”

Dorothy Calba, a senior research analyst at Euromonitor International

Why do consumers drink cold brew coffee?³



Cold Coffee Consumer Flavor Appeal

Consumers continue to be interested in the wide variety of flavor offerings, but appeal of more unique flavors continues to grow.

Q: Please rate the appeal of each of the following flavors for COLD COFFEE.⁶

Flavor	3 YR Change	Flavor	3 YR Change
44% Caramel	+3%	29% Almond	+4%
43% French Vanilla	-	28% Cinnamon	+3%
40% Chocolate	-	28% Pumpkin	+4%
34% Hazelnut	-	23% Gingerbread	+4%
30% Irish Cream	+3%	21% Fruit Flavor	+3%
30% Toffee	+4%	20% Lavender/Floral	+4%



Seasonal flavors could drive consumers to drink cold coffee away from home more often, as over one in five choose seasonal flavors while drinking cold coffee.⁶

LSRs and Cold Brew

Deep Dive

Limited Service Restaurant Volume Growth³

Limited Service Restaurant Includes Traditional QSR, LSR Coffee & LSR Quick Casual

In LSRs cold brew coffee's volume growth from 2021 to 2022 outpaced and over indexed when compared to iced coffee. Cold brew is predicted to continue to grow faster than iced coffee over the next five years.

Cold Brew Coffee

+22.8

144.3%

7.2%

YOY Volume Growth

Index to 2019

2023-27 Real CAGR

Iced Coffee

+13.7

116.7

5%

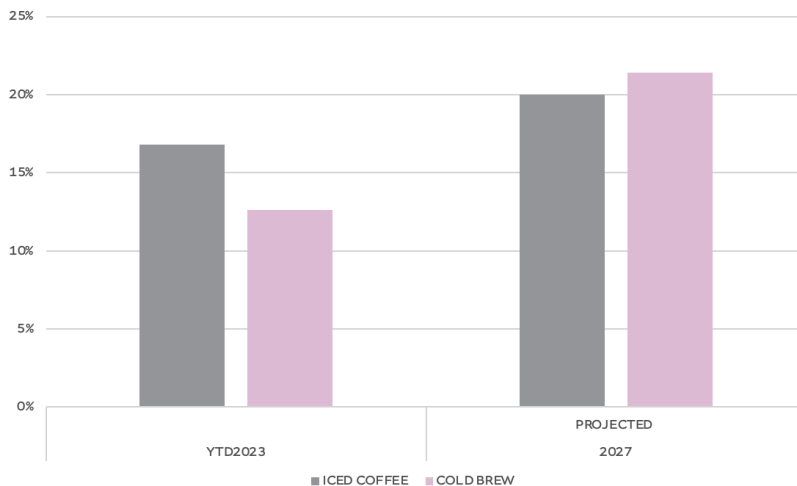
YOY Volume Growth

Index to 2019

2023-27 Real CAGR

Menu Penetration Projection

Cold Brew Coffee has been rapidly growing on menus over the last ten years while Iced Coffee growth has been diminishing. Cold Brew's menu penetration is predicted to overtake Iced Coffee by 2027.⁷



12.7%

Current Menu Penetration

21.9%

Current QSR Menu Penetration

“Cold brew has been the fastest-growing non-alcoholic drink on restaurant menus over the past decade.”

Lizzy Freier, Director of menu research and insights at Technomic

Cold Brew Coffee Mega Trends⁸

SPARKLING

Inception Stage

Pairings with tonic started the trend, now sparkling lemonade for a take on a Laura Palmer or club soda for a slightly less bitter feel are trending.

+75%

SPARKLING COFFEE
AI Predicted
4-year Growth

+43%

LEMONADE COFFEE
AI Predicted
4-year Growth

BREAKFAST INSPIRED

Adoption Stage

Maple is the classic flavor note but can also include elements of butter or notes of dishes such as pancakes, French toast, or waffles.

+64%

BUTTER
Cold Coffee Flavor
4-year Growth

+93%

MAPLE SYRUP
Cold Coffee Flavor
4-year Growth

TEXTURE

Adoption Stage

What began with cold foam toppings and nitro to provide a different mouth-feel, has now transitioned into using bubble tea inclusions in coffee.

+97%

NITRO
4-year Growth

+163%

FOAM
4-year Growth



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Sources: 1) Datassential Beverage Landscape Report May 2022 2) Technomic Beverage Consumer Trend Report 3) Technomic Away-From-Home Beverage Navigator, 2023 4) Mintel 5) Tastewise Jan 2023 - June 2023 6) Datassential Cold Coffee Report 2023 7) Datassential Menu Trends YE MAR23, PENETRATION 8) Datassential Coffee Report August 2023