



FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL

FOODSERVICE INSIGHT

Q4 2024
SPECIAL
REPORT

FCSI.ORG

A new generation

Coffee shops are faced with a younger, better-informed and more demanding customer group

Shifting mindsets

A unique experience goes beyond the coffee for consumers who want a sense of belonging

SUPPORTED BY **modbar**
modular brewing systems



TAKING THE COFFEE SHOP EXPERIENCE TO THE NEXT LEVEL

HOW TO STAND OUT IN A MARKET SEGMENT
WITH INCREASINGLY ELEVATED STANDARDS



RAISING THE BAR IN PROVIDING UNIQUE COFFEE EXPERIENCES

In a competitive market, coffee shop operators are faced with more discerning customers demanding ever higher standards and an experience that extends beyond the coffee. This whitepaper, produced in collaboration with Modbar, explores the prevalent trends and assesses where the market is heading next

INTRODUCTION

Coffee has long been the beverage of choice for many nations; second only to water in drink preference terms. Today, this is a trend that is taking hold beyond the traditional coffee drinking markets and parts of the world where coffee consumption was not previously widespread, such as Asia – specifically China – is seeing a notable spike in coffee sales.

The increasing popularity of coffee across the world, is largely driven by a more refined customer, better traveled and informed than previous generations, with improved knowledge and understanding of the product. This in turn has led to a demand for a better all-round coffee experience.

This whitepaper will explore the rise in coffee drinkers globally and what it means for the industry, how the spread in popularity has spurred a proliferation of coffee shops and how a younger and more discerning demographic drives innovation and standards.

The design, surroundings and the 'feel' of a place all contribute to the wider experience, which is key in the coffee shop today.

Here, leading foodservice consultants and the operators providing exceptional coffee experiences, assess the current panorama of the coffee market, the drivers of innovation and whether the significant shift witnessed in the past decade will continue at the same pace.

KEY TAKEAWAYS

A generational and geographical shift in demographics of the coffee shop audience provides opportunities for operators who are expected to deliver unique coffee experiences.

“The design, surroundings and the 'feel' of a place all contribute to the wider experience, which is key in the coffee shop today”



NEW NATIONS OF COFFEE DRINKERS

European countries, including Sweden and Denmark, have a long tradition of coffee consumption with many people drinking more than 1,000 cups every year. The US has also long been a reliably high consumer of the black brew, but for coffee companies, Asia represents a land of opportunity.

The value of the Chinese coffee market alone has shot up in recent years; the coffee industry in China has seen tremendous growth in scale in the past few years, reaching 265.4 billion yuan (\$36.7bn) in 2023, according to Statista.

“China is insane right now,” says specialty coffee expert Hidenori Izaki, Japan’s first world barista champion and the founder of high-end coffee experience Cokuun in Tokyo. “Outside the US it is definitely the biggest coffee market in the world – and that has come about in a period of 10 years,” he says.

Consider Shanghai. With 9,553 coffee shops, it has more coffee shops than any other city in the world, according to China’s Urban Coffee development Report 2024.

“The amount of coffee they drink in China is skyrocketing,” says Ben Gregoire FCSI, principal with Levels Studio in Malaysia and the chair of FCSI Asia Pacific Division. “It is almost at Seattle levels,” he says, in a reference to the city where Starbucks was born in the 1970s and subsequently became the epicenter of coffee in the US.

Operators in China take the trend seriously and are investing heavily, says Gregoire. “Chinese customers appreciate quality coffee and even small hole in the wall operators are installing machines worth tens of thousands of dollars.”

Gregoire has been based in Asia for over 15 years; he lived in China before relocating to Kuala Lumpur in Malaysia. He has designed numerous projects with coffee concepts and witnessed the evolution in coffee experiences first-hand. He says China is the prime example of the exponential growth of coffee consumption in the region and the accompanying proliferation of coffee shops.

The spread in the popularity of coffee has spurred a proliferation of coffee shops

“China is insane right now. Outside the US it is definitely the biggest coffee market in the world – and that has come about in a period of just 10 years”



The evolution has been supercharged, he notes, comparing it with the evolution of Starbucks. “The time between the launch of Starbucks in the 1970s and the point when it became mainstream was 20 years, but in China it took half the time for coffee to gain traction.”

If major global chains, such as Starbucks, ignited this trend, in Shanghai today they are not the ones leading the charge. Rather, local chains and outlets, such as Luckin Coffee, are dominating the coffee shop panorama in the city.

It is a trend that is replicated in other Asian countries. In Malaysia, a host of local brands have sprung up in recent years since the pandemic and customers are preferring these homegrown stores.

“There are a lot of local stores popping up; in Malaysia a chain called Zus, which didn’t exist before the pandemic is everywhere now,” he says. “They have just taken the Starbucks model but with a more unique brand, it is obviously Malaysian owned and comes in at half the price – and the price point is very important to locals.”

PROVIDING A UNIQUE EXPERIENCE

In an already competitive market with a fast-growing number of stores, how can a coffee shop operator stand out and continue to raise the bar?

First, consider the customer. “If you’re targeting a certain type of coffee drinker who appreciates really good coffee then you should invest in the high-end equipment,” says Gregoire.

But when it comes to providing a great coffee shop experience, the coffee is not the most important element. “To bring people to the store and keep coming back, they need more than good coffee,” he adds.

As, Niki Weegens, creative director of Onyx Coffee Lab in Northern Arkansas, US, explains, “the coffee being fantastic is fundamental, but we found that having excellent coffee is not necessarily enough. People who want excellent coffee have options.”



From top: Ben Gregoire FCSI, principal, Levels Studio
Ken Schwartz FCSI, president of SSA Foodservice Design and Consulting
Niki Weegens, creative director, Onyx Coffee Lab

“The coffee being fantastic is fundamental, but we find that having excellent coffee is not enough. People who want excellent coffee have options”

The objective at Onyx is to create a place where customers feel a sense of belonging. “For us, what makes a really amazing experience is when a customer walks in and they immediately feel like they have arrived somewhere they want to be,” she says. “When all the elements work together: the design, the people, the product offering and the coffee, then you are able to create a spot that people don’t just come for a caffeine pick me up, but they come to recharge and connect.”

Once, the customer feels at home, Weegens says Onyx Coffee Lab wants to take the experience to the next level.

“We look to educate people about producers and help them learn about this drink that they love. I think cafes have a responsibility and an opportunity to be a bridge to consumers who maybe are coming in thinking that are just looking for a cup of coffee, but they may find over time that they are actually falling in love with coffee,” she says.

“It is exciting when you give a customer an opportunity to love something, not just an experience that they will forget.”

The people brewing and serving the coffee are central to the experience, according to Lloyd Carter, director of restaurants and bars, design and partnerships IHG IMEA. “The way they tell the story of the bean and the way they understand their roastery levels is very important – after that obviously the way they’re brewing and presenting the coffee. In my current role, I’ll also evaluate the actual look and feel of the venue.”

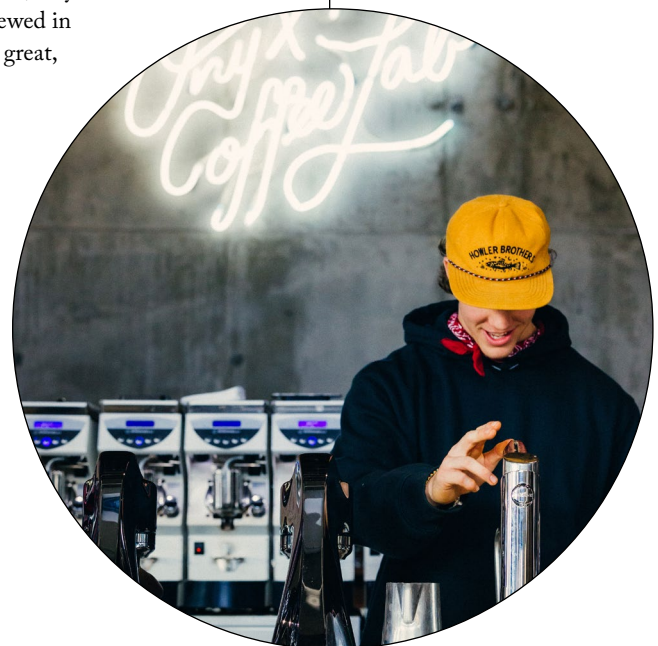
He moved to the Middle East 16 years ago and references a rich history of coffee in the region. “The locals really get involved in this new coffee era. It’s very interesting.”

There are many examples across this region where you’ve got some fantastically designed venues. They’ve got brilliant pieces of equipment, very well created and well curated bar sections. But if the coffee is not brewed in the in the manner that it should be, or the quality of the bean is not great, these venues quickly die.”

Within IHG, the different brands deploy different coffee shop concepts and, says Carter, it is all about recognizing what the customer is looking for. “Coffee means different things to different people. We have many Holiday Inn Express hotels that have a Starbucks relationship. In those properties, the guest grabs their signature recipe from a Starbucks in the lobby to take away or enjoy in the lobby and for them it is worth more than any barista experience telling a story or great looking machine,” he says.

“But then we have companies that use our lifestyle brands for meetings and for them it is important to sit in front of the barista and hear that story in a more curated experience.”

“The people brewing and serving the coffee are central to the experience. The way they tell the story of the bean and the way they understand the roastery level is very important”





SHIN SUZUKI

LOOK THE PART

Social media should play a significant part in any contemporary coffee shop. It is a key driver of awareness and knowledge. “I don’t see that going back now,” says Gregoire. He points to the social media channels of coffee shops in the Middle East: “They are all top notch. I have a few clients there that spend thousands of dollars on social media. They pay for the photography, the content, and the design.”

It is about having the right atmosphere and giving customers the option to capture their experience for social media. “Young people are glued to their phones, and they want that wall to take a photo against and they want to see the brand when they share their experiences.”

In Onyx Coffee Lab, too, the design element is crucial: “We want to remove barriers and distractions and create an atmosphere that people can enjoy and be relaxed in,” says Weegens.

Amid this proliferation of coffee shops that are designed in a thoughtful and considered way, she says that those operators with less considered designs will simply appeal less.

“Cafes that have a more standard design are likely to become spots where people don’t necessarily choose to spend their time,” she says. “People want it to look good and feel good and they want their friends to be there.”

Again, the customer must be at the center. “Who are we designing for, what are their expectations and how, by design, can we exceed those expectations? Those should be the first considerations,” says Ken Schwartz FCSI, president of SSA Foodservice Design and Consulting in Florida, US.

Izaki is not convinced specialty coffee shops have got it quite right on the design front. It is hard to separate, he says, a coffee shop in Los Angeles from one in London, for example. “They look the same; if you close your eyes and move somewhere new it is not easy to distinguish between the two places. That is the biggest issue right now, we have failed to create the experience from the design perspective.”

Hidenori Izaki
prepares a brew for
the Cokuun omakase
experience

**“Who are we
designing for, what
are their expectations
and how, by design,
can we exceed those
expectations? Those
should be the first
considerations”**



NIKI WEEGENS

SHIFTING THE MINDSET: COFFEE AS FINE DINING

Izaki, who won the 2014 world barista championship, is the founder of Cokuun, a coffee omakase restaurant. Omakase is a chef-curated experience – the Japanese word literally means “I leave the details up to you”. Cokuun serves four guests at a time with a menu of highly curated coffee experiences, inspired by the traditional Japanese tea ceremony, using the very best ingredients, to showcase the coffee and his country. At the forefront of the current new wave of coffee shops, he comes from specialty coffee traditions. His father was Japan’s first specialty coffee roaster and Izaki started his barista career aged 16.

“With Cokuun, I wanted to build a coffee shop that reflects the culture and incorporates the unique design,” he says. “The coffee is important, but it is only part of the experience.”

Priced at over \$100, it compares to a fine-dining experience and that is precisely what Izaki is aiming for. He believes that coffee shops need to be better considered as a premium experience.

“At Cokuun we aim to provide the highest experience possible,” he says, adding that specialty coffee is not being used to its potential. “Even though specialty coffee is one of the most excellent products in the world, we stick with this very traditional commercial coffee shop business model.”

Coffee omakase is a relatively new phenomenon but not just in Japan, says Izaki. “This is also happening in Indonesia, in the US and in China, so it is expanding across the world and that is because people are realizing that specialty coffee needs a different platform to present its true quality.”

In a commercially focused business model of a coffee shop, the focus is on the number of cups sold, that’s the KPI. But that is the wrong approach, says Izaki. “If the focus is how many cups you sell, then it becomes like fast food,” he explains. “Think about the focus of a fine-dining restaurant. You don’t base the evaluation on the number of plates sold. They talk about the customer experience and the satisfaction. We need to change the mindset in order to provide the best possible experience to consumers.”

The coffee is important, but it is only part of the experience at Onyx Coffee Lab

“In a fine-dining operation they don’t focus on the number of plates sold; they talk about the customer experience and satisfaction. We need to change the mindset in coffee”

A NEW GENERATION

Much of the innovation in the customer coffee experience in Asia is driven by young people who have traveled and understand what quality coffee is or they have seen how western people – who they want to emulate – enjoy coffee.

Schwartz says the most important driver of the elevated standards in the coffee experience is the customers. “Consumers dictate by choice, and I think a knowledgeable customer is a great customer – they know what they want,” he says.

“Younger customers have seemingly turned their backs on big corporations and prefer to support the local, more personalized operations as the experience is better.” The sector would do well to take heed of this consumer group, he adds. “A young customer today has the ability to be a customer for the next 30-50 years. I would certainly discuss with them what they would like next.”

Younger consumers may have a better understanding of quality coffee experiences, but then says Weegens, everybody has more information than ever before. “I do think that the younger generation having a greater understanding puts pressure on everyone to deliver, to raise the bar, but at Onyx we always want to be doing that anyway,” says Weegens. “This is not because the younger generation demands it. We want everyone to have access to clear information on what makes a great cup of coffee and we see it as our responsibility to be that resource for them.”

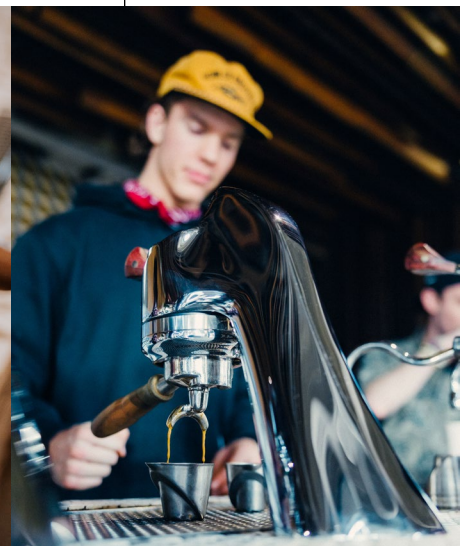
AUTOMATION IN THE FUTURE

There is consensus that the automation that is spreading across the foodservice sector will also make its way into coffee, but to what extent is uncertain.

Gregoire says the showy examples of robotics in coffee operations are unlikely to take hold. “I saw a place in Los Angeles where a human being greets you but then the coffee is made by a robotic machine behind a glass wall,” he says.

“We want everyone to have access to clear information on what makes a great cup of coffee and we see it as our responsibility to be that resource for them”

A new generation of younger consumers have a greater understanding of coffee





“I don’t see that becoming a thing – that suddenly coffees are all made by robots.”

As in kitchens, where automation can mitigate a lack of skilled labor and take on repetitive tasks, so in the coffee shop can automation technology be deployed in to relieve staff and allow them time and space to do more creative or expansive work, says Weegens.

“When you are able to bring in equipment that automates processes that either have challenges or opportunity for great error, you’re just creating more time for the human element to get it right in other places,” she says.

Consider milk steaming. “We still want our barista to know how to steam milk, but if we take the struggle out of that component, we are creating more margin for people to focus their effort on other things and elevating the entire experience,” she says. “It’s a way to assist what’s happening on the human level and create better opportunity for creativity and efficiency, creating less waste.”

Izaki highlights the way automation can benefit larger chains such as Luckin or Starbucks, where it is more about coffee as a commodity and less an experience.

In specialty coffee shops, he says, there is a need to invest in people and in training.

“I think the only way specialty coffee can survive is by investing in people and investing in hospitality. There is a lot of talk about if we need automation in specialty coffee and I think ‘no, we need automation sure, but on a level that is supporting humans in preparing the coffee experience, not replacing humans.”

A barista, he says, should be considered an asset in a coffee shop and ultimately should be considered like a celebrity chef and valued as such.

The ideal coffee shop experience is one where customers feel a sense of belonging

“The only way specialty coffee can survive is by investing in people and in hospitality. I think we do need automation but to support humans, not replace them”

CONCLUSION: CONTINUING EVOLUTION

The past decades have seen significant change and development in the coffee shop market and as equipment manufacturers have responded to demand for innovation, experiences have continued to improve with higher standards of coffee, service and an overall more elevated experience.

“Coffee has evolved from the small diner cup of coffee from a pot that would sit on a warmer all day and served in a ceramic cup or mug to gourmet drinks that are hand-crafted by a true barista and everything in between,” says Schwartz.

While large chains, such as pioneering Starbucks, paved the way for new coffee drinkers in more markets, a group of high-quality coffee shops, providing unique experiences are moving in on the territory, putting the spotlight on highly curated coffee experiences, coveted by a new generation of coffee drinkers. Treating a coffee shop experience as fine-dining is a new and growing trend and a new generation of baristas treat coffee like wine, elevating the drink beyond a commodity or a simple shot of caffeine.

As the coffee shop segment looks to the future, there is a further shift to separate the specialty coffee culture from the coffee as a commodity and new entrants to the market look to elevate further, positioning coffee on the same level as fine-dining experiences.

Automation and robotics can help to add consistency to the coffee experience by taking on the more repetitive or labor-intensive tasks, while human beings on staff can put all their effort into providing the best coffee experience possible.



COURTNEY WIENER



There is a further shift to separate the specialty coffee culture from the coffee as a commodity

modbar
modular brewing systems

STYLISH, RELIABLE AND SUBTLE

The most consistent and stable under-counter espresso machine available. Crafted and sold in full partnership with La Marzocco.

Modbar produces a range of coffee equipment, including two configurations of Espresso Systems, a Pour-Over System, and a Steam System. Mix and match to create a bar in any number of ways. Features include optimal temperature stability, simple multi position controls, dual boilers, and optional scales. Also available for the home with their new Espresso AV domestic system.

Further details:
modbar.com



MIXING STYLE AND SUBSTANCE

Combining art, design, and coffee with Modbar, the original under-counter espresso machine

ALTERED, created by We Crave, is a gastronomic space in Madrid that integrates art, design, and haute cuisine. Each dish is an artistic expression, crafted with bold flavors and refined techniques that evoke emotions and memories. The minimalist style uses color to alter perception, creating a multisensory experience.

A key collaborator is Modbar, whose cutting-edge coffee equipment elevates the beverage experience in ALTERED. Known for its sleek, modular design, Modbar revolutionizes espresso and pour-over preparation, offering precision and aesthetic appeal that complements the innovative dining atmosphere.

This collaboration underscores how Modbar's equipment, celebrated for its sleek, minimalist design and precision, enhances the brewing process and the overall ambiance, making it an integral part of the immersive dining experience. With Modbar's technology, ALTERED's approach to coffee aligns with its gastronomic vision — offering something familiar yet artistically transformative.

Modbar is a revolutionary modular under-counter espresso system that breaks the barrier between customers and baristas. It is a true innovation in the design and concept of coffee machine equipment. Instead of a centerpiece countertop coffee equipment, Modbar neatly places the inner workings, the “brains,” and technology beneath the counter. It perfectly blends into the environment where craftsmanship, design, and technology harmonize to reshape the experience.



FURTHER INFORMATION:

For more information about FCSI,
please visit: fcsi.org

Produced by 1473 Media Ltd.

If you are interested in supporting a new
FCSI whitepaper, please contact:
sales@foodserviceconsultant.org

1473media.com

THANK YOU FOR YOUR SUPPORT

modbar[®]
modular brewing systems

MODBAR.COM