

**Market Research
Report
On
Coffee
Manufacturing Industry
in
India in 2024**



Rao's Business Marketing

1. Industry Overview

The coffee manufacturing industry in India is witnessing dynamic growth, propelled by both domestic and global demand. While traditionally overshadowed by tea, coffee has carved a distinct niche, with urbanization, evolving consumer tastes, and an expanding café culture driving its popularity. The industry has diversified into a mix of conventional and premium offerings, including specialty coffees, organic varieties, and instant options.

- **Market Value:** Estimated at **USD 552.9 million in 2023**, it is projected to grow to **USD 1,227.47 million by 2032**, reflecting a CAGR of **9.87%**.
- **Global Position:** India ranks among the top 10 coffee producers, contributing approximately **3.5%** of global production. Its coffee is renowned for unique flavor profiles influenced by the diverse microclimates of its growing regions.

2. Production Landscape

1. Key Growing Regions:

- **Karnataka:** Accounts for **70%** of total production, particularly in Chikmagalur and Coorg.
- **Kerala:** Contributes **20%**, with Wayanad being a prominent coffee belt.
- **Tamil Nadu:** Produces **10%**, focusing on Arabica cultivation in the Nilgiris.

2. Varieties of Coffee:

- **Arabica:** Grown at higher altitudes, prized for its mild flavor and aromatic quality.
- **Robusta:** More robust and disease-resistant, with a stronger taste, dominating India's production.

3. Organic and Specialty Coffee:

- The rise of organic coffee cultivation, particularly in Karnataka and Tamil Nadu, caters to health-conscious and premium markets.
- Specialty coffee, including single-origin and estate-specific varieties, is gaining prominence among connoisseurs and in export markets.

4. Sustainability Practices:

- Growing emphasis on shade-grown coffee to preserve biodiversity.
- Adoption of climate-resilient practices and technologies to combat challenges posed by unpredictable weather patterns.

3. Market Dynamics

Growth Drivers:

1. Urbanization and Lifestyle Changes:

- Increasing disposable incomes and exposure to global coffee culture are fostering growth in urban coffee consumption.
- Coffee chains, such as Starbucks and Café Coffee Day, have popularized coffee as a social and lifestyle beverage.

2. Health Consciousness:

- Coffee is perceived as a health-friendly beverage due to its antioxidant properties, aiding in metabolism and reducing the risk of chronic diseases.

3. E-commerce and Digital Transformation:

- The rise of online platforms like Amazon, Flipkart, and niche coffee e-retailers (e.g., Blue Tokai) has made premium coffee more accessible.

Challenges:

1. Climate Change:

- Unpredictable rainfall and rising temperatures have impacted coffee yields, with pre-monsoon deficits in 2024 leading to lower fruit setting.

2. High Production Costs:

- Increasing labour and input costs are challenging small-scale coffee farmers.

3. Competition:

- Tea continues to dominate rural and semi-urban areas, posing a challenge for coffee penetration.

Opportunities:

1. Rural Market Penetration:

- Affordable and instant coffee options can help expand into rural markets.

2. Export Growth:

- Indian coffee's unique flavours are gaining recognition in Europe, the US, and the Middle East, opening avenues for higher exports.

3. Product Diversification:

- Innovative products like cold brews, ready-to-drink (RTD) coffee, and functional coffee blends (e.g., with turmeric or ashwagandha) are attracting new consumer segments.

4. Consumer Behaviour and Trends

1. Domestic Coffee Consumption:

- Consumption is expected to grow modestly, reaching **7,100 metric tons by 2028** from **7,000 metric tons in 2023**.
- Instant coffee dominates due to its convenience, particularly in urban households.

2. Premiumization:

- Specialty coffee and artisanal brands are seeing increased demand among affluent urban consumers.
- Single-origin and micro-lot coffees are gaining traction for their unique taste profiles.

3. Youth-Centric Consumption:

- Millennials and Gen Z are driving the café culture, viewing coffee as a social and lifestyle statement.

4. Health and Wellness:

- Low-caffeine and green coffee variants are popular among health-conscious consumers.
- Functional coffees enriched with super foods are emerging as a trend.

5. Competitive Landscape

The coffee manufacturing industry in India is characterized by a mix of established players, artisanal brands, and international giants.

Major Players:

1. Domestic Brands:

- Tata Coffee
- Bru (Hindustan Unilever)
- Narasu's Coffee
- Café Coffee Day (CCD)

2. Specialty and Artisanal Brands:

- Blue Tokai Coffee Roasters
- Araku Coffee
- Sleepy Owl
- Third Wave Coffee Roasters

3. International Brands:

- Starbucks (in partnership with Tata Coffee)
- Nescafé
- Lavazza

Key Strategies:

- **Product Innovation:** Launch of cold brews, ready-to-drink coffees, and eco-friendly packaging.
- **Retail Expansion:** Growth of organized retail and specialty coffee shops.
- **Digital Presence:** Leveraging e-commerce platforms and social media marketing to engage consumers.

6. Export Performance

1. Major Export Markets:

- Europe, particularly Germany and Italy, remains the largest importer of Indian coffee.
- Emerging markets include the US and Middle East, driven by demand for premium and specialty coffee.

2. Export Statistics:

- In 2023, India exported over **5.2 million 60-kg bags**, with robusta accounting for the majority.

3. Government Support:

- The Coffee Board of India provides financial and technical assistance to growers and exporters.
- Promotional initiatives like participation in international trade fairs have enhanced the visibility of Indian coffee globally.

7. Future Outlook

The Indian coffee manufacturing industry is on a growth trajectory, with several positive trends and opportunities:

- **Domestic Growth:** Rising urbanization and café culture will continue to boost consumption.
- **Premium Segment Expansion:** Specialty and artisanal coffee will see robust growth as consumers seek unique and high-quality products.
- **Export Opportunities:** Increasing global recognition of Indian coffee's quality and flavour will drive export growth.

However, addressing challenges such as climate variability, production costs, and rural market penetration will be critical. Innovations in sustainability, digital transformation, and product diversification will play a pivotal role in shaping the industry's future.

