

2019 China Coffee Survey Report

Taken from 2019 Coffee Annual published by CoffeeSalon

Translated with permission by Xizhe Hu, Consulate General of the Netherlands Chongqing

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Preface

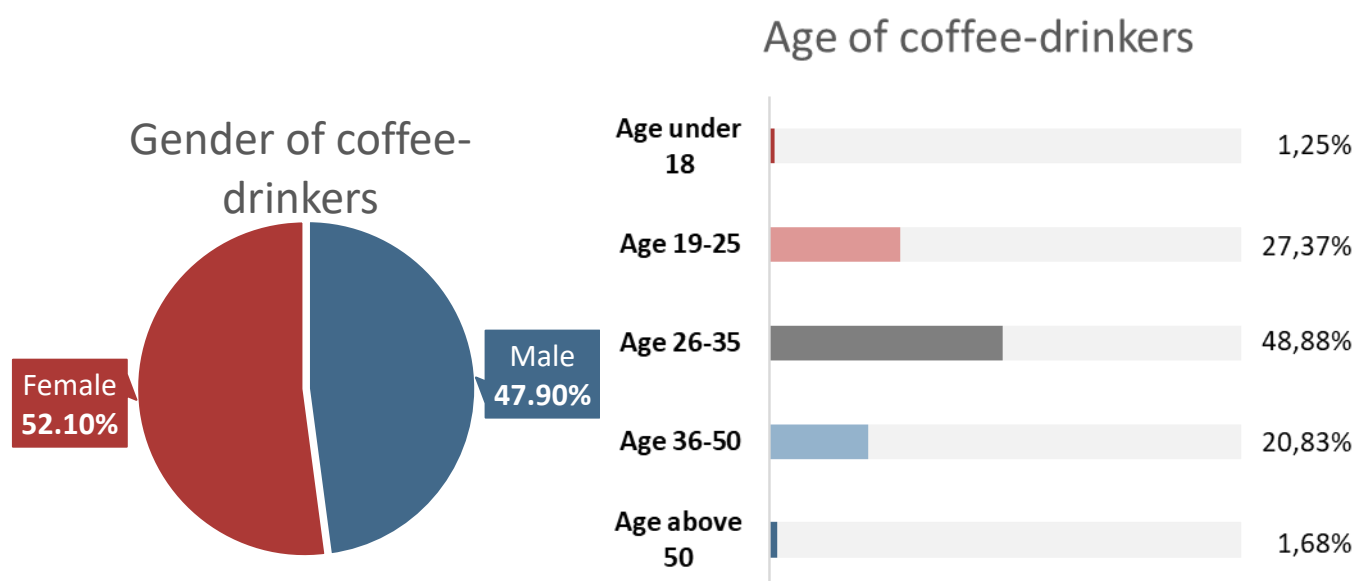
The annual Coffee Survey by CoffeeSalon has become a regular contribution to the development of the Chinese coffee sector. Positive feedback on our last years report from professionals in the field encouraged us to draw up another report this year. This year we received abundant suggestions and support for making the 2019 survey even better.

The questionnaires were published and data collected through online channels, including CoffeeSalon, HOTELEX, ABrC, Fashion-Drinks and other internet platforms. The questionnaires were collected between December 28, 2018 and February 24, 2019. We received valid questionnaires from three target groups, respectively 4096 from coffee-drinkers, 2349 from baristas, and 1093 from café-owners. In total this number is much higher than the previous year.

Based on the experience of last year and on new developing trends, questionnaires were elaborated into three angles of each group, including; **1)** individual characters, e.g. gender, age, education level, income, etc.; **2)** coffee consumption and experience; **3)** Using methods of *Crete Scales to Questions*. The last method allows us to measure the experiences of coffee consumers, career circumstances of Chinese baristas, and the challenges in café operation in China. The aim is to explore the facts of, and the connections between consumer experience, barista career development, and effective café management.

Chapter 1: Coffee-drinkers

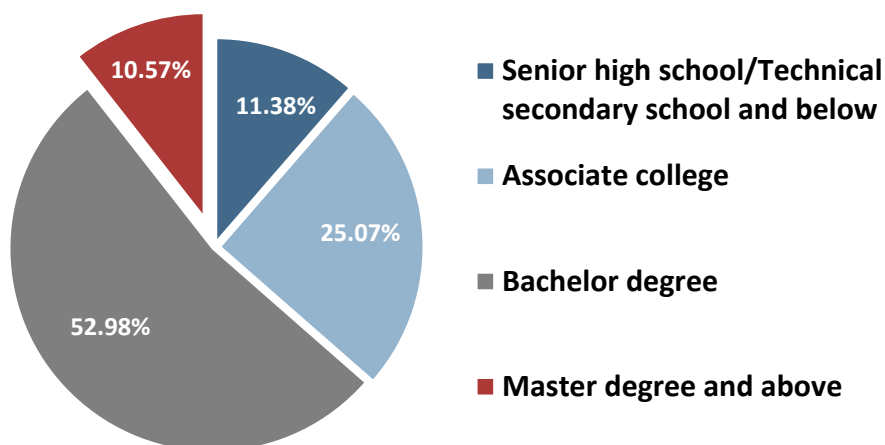
1.1 Basic characters (gender, age, education, income)



There are slightly more female coffee drinkers than there are male. Of the different age groups, the 26-35-year-old group is relatively the largest consuming group with half of its people drinking coffee. 76.25% of the total coffee consumers are up to 35 years old. People in the age group 36-50 years old that prefer to drink coffee grew with 3.16% compared to last year*.

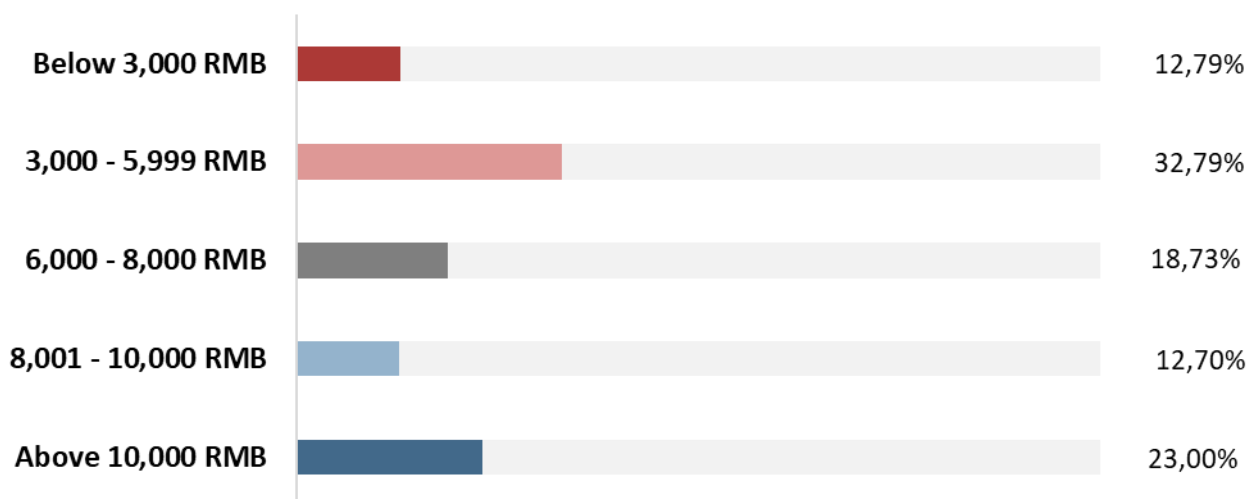
*Remark: the last version of survey report is available in Chinese only, please contact CoffeeSalon for more details. E-mail: bbs@coffeesalon.com

Education level of coffee-drinkers



Of people with a higher education background (equal or higher than associate college), 88.62% drinks coffee on a regular basis. This number is 3.74% higher than the previous year. Specifically, the group with a bachelor degree and higher shows major growth from 57.96% to 63.73% in comparison to the previous year's study. Drinking coffee is relatively popular in highly-educated circles in China.

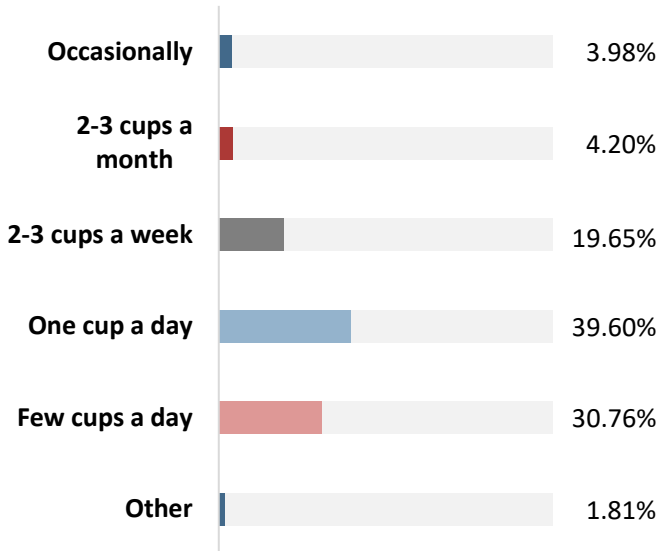
Monthly income of coffee-drinkers



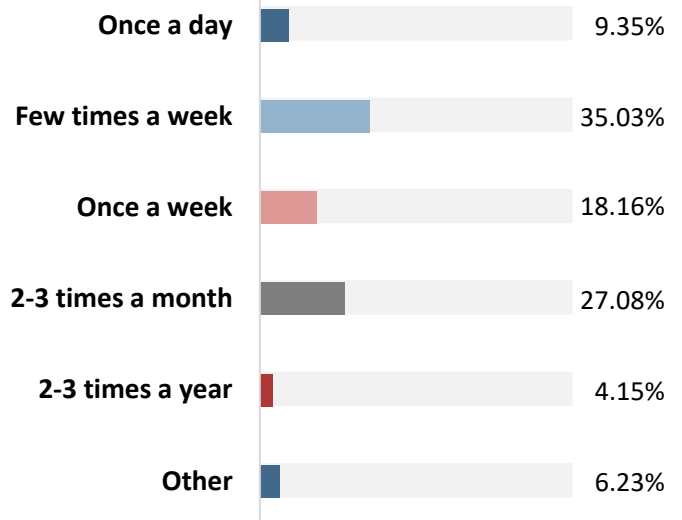
More than 54.43% of all people that have an income of at least 6,000 RMB per month drink coffee. This percentage grew with 11.65% since last year's survey when 42.87% of all the participants in the same income range said to drink coffee.

1.2 Coffee consumption characters

Coffee-drinking frequency

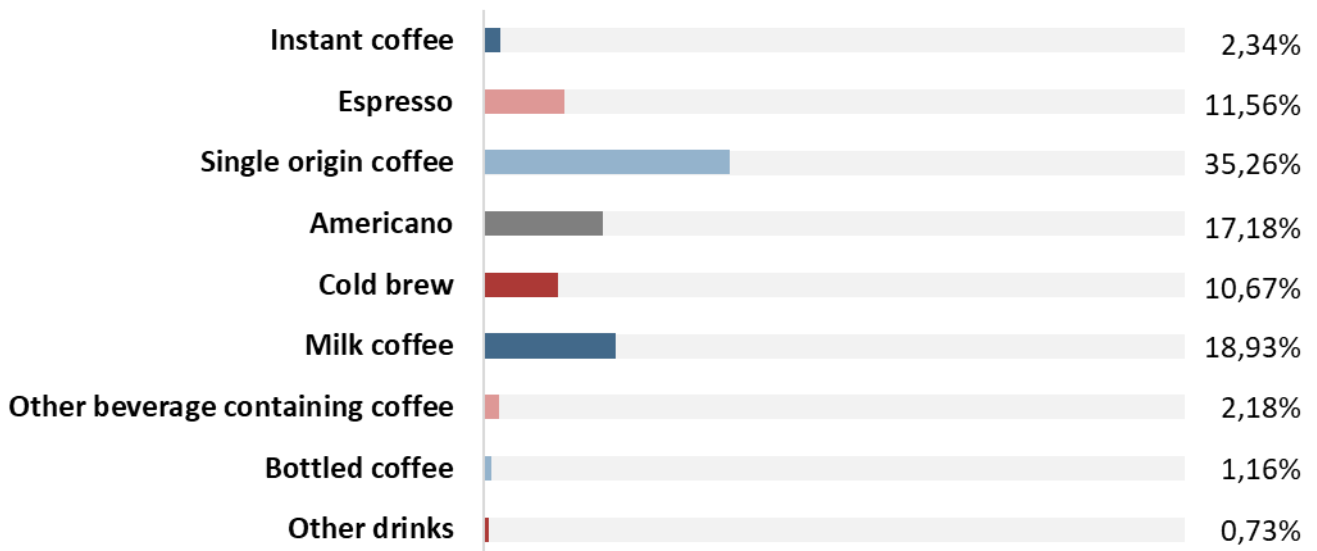


Frequency of visiting cafe for coffee



Nearly 70% of coffee fans drink coffee daily. More than 60% of coffee-drinkers enjoy coffee in a café weekly.

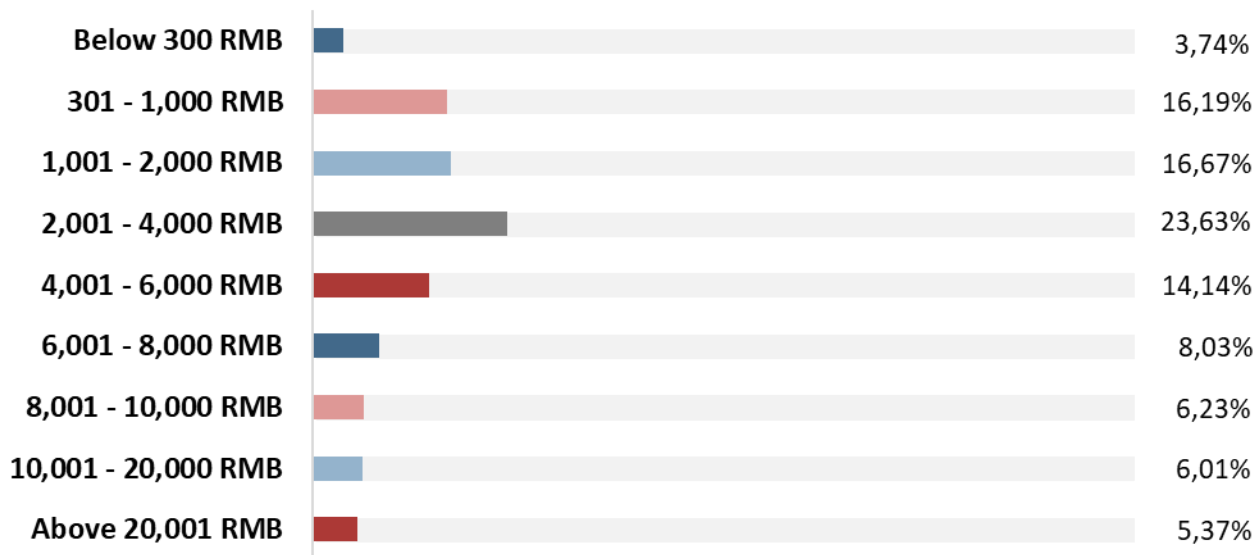
Coffee types drank the most by coffee-drinkers (single choice)



Top 5 favorite types of coffee are *single origin*, *milk coffee*, *americano*, *espresso*, and *cold brew*. These five types make up more than 90% of all coffee drinks. The order has not changed in comparison to the

previous year. Of those types, single origin, americano, espresso, and cold brew can be categorized as dark coffee.

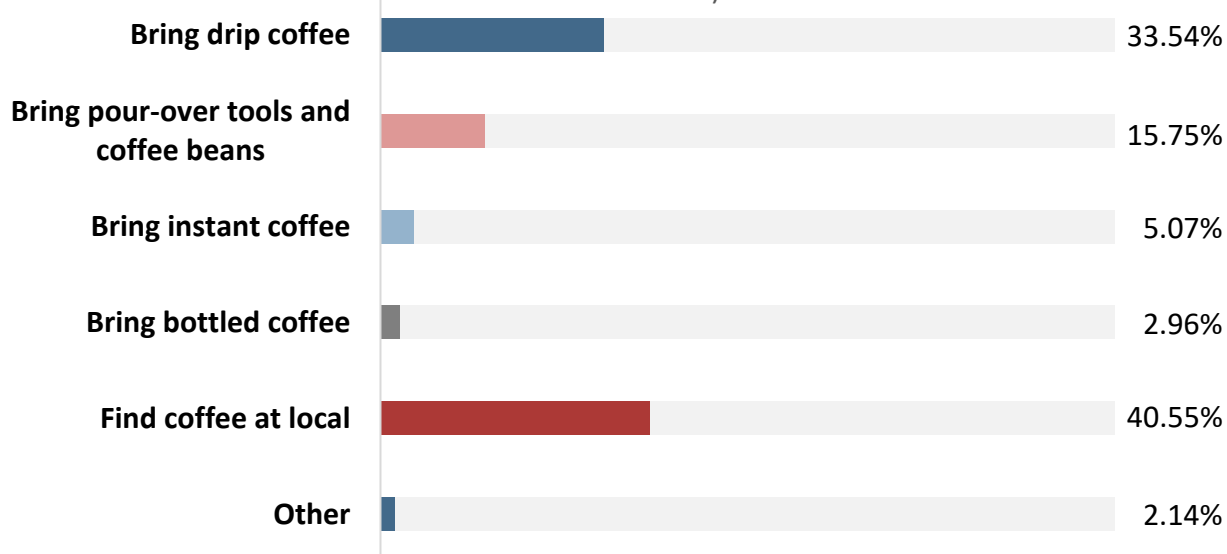
Total consumption (RMB) on coffee in 2018 (incl. machine and tools, material, and in café)



Consumption on machine, materials related to coffee, and in café has increased. More than 60% of coffee fans spent more than 2,000 RMB on coffee (related) products in 2018.

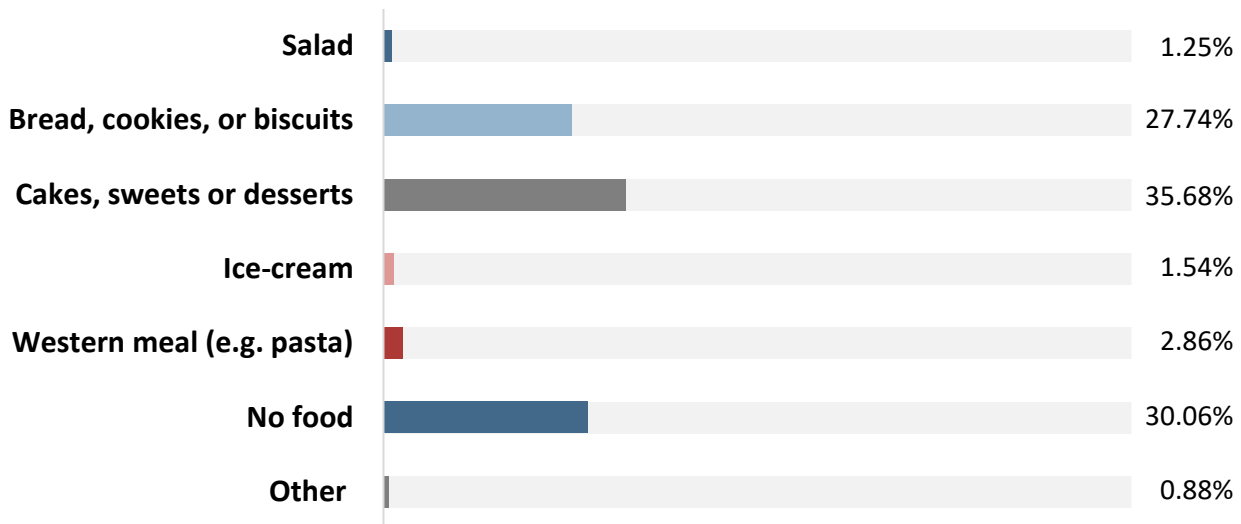
1.3 Coffee consumption preferences

How do you drink coffee while traveling? (single choice)



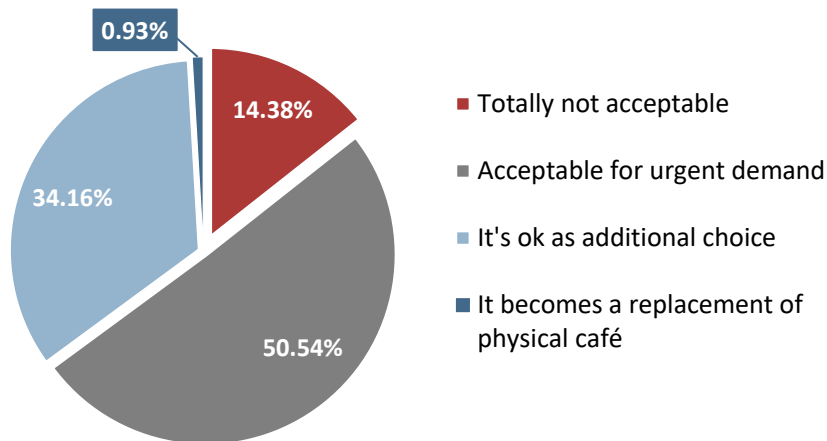
Most coffee fans would look for coffee when they are visiting somewhere or bring drip coffee themselves.

Which food would you order with your coffee in a café? (single choice)



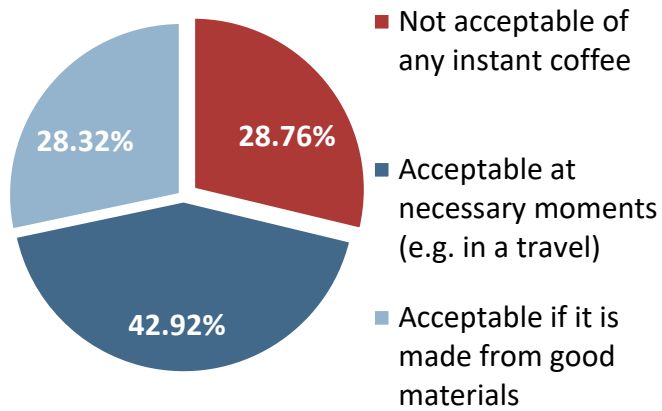
Nearly 65% of coffee fans would enjoy coffee with some food. They often choose to consume sweet products such as cookies, biscuits, cakes, desserts or ice cream. On the other hand, 30% of coffee drinkers prefer to enjoy coffee without any food.

How do you value coffee delivery services?

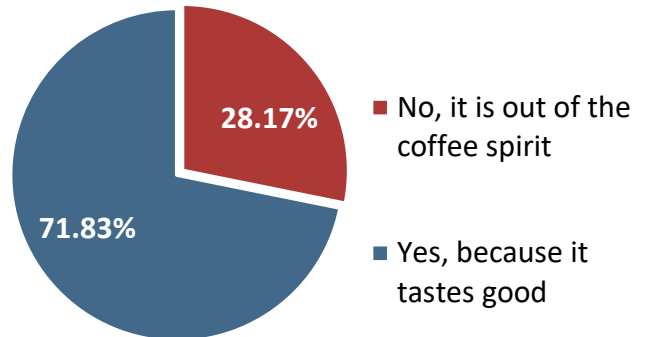


Only 14.38% of coffee fans do not like the idea of coffee delivery. Just over half of coffee-drinkers have no problem with having their coffee delivered.

Do you accept instant coffee made of specialty coffee?



Do you accept coffee made by an automatic brewing machine in a café if the taste is good?



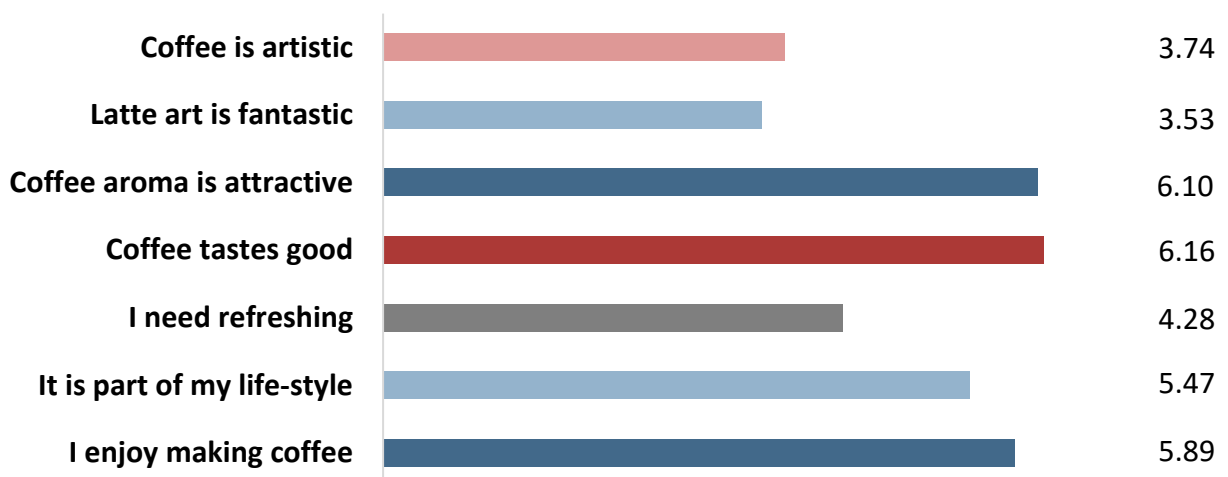
Coffee fans give priority to good quality and taste of coffee, even if it is instant coffee or coffee made by an automatic brewing machine.

1.4 Why do people love coffee?

To investigate the reasons why people become coffee fans, the Crete Scale is used as measurement tool. People are surveyed on the seven items below and asked to score them from 1-7; 1 meaning completely disagree and 7 meaning completely agree.

Why do you like coffee? (score each item from 1-7)

Because ...



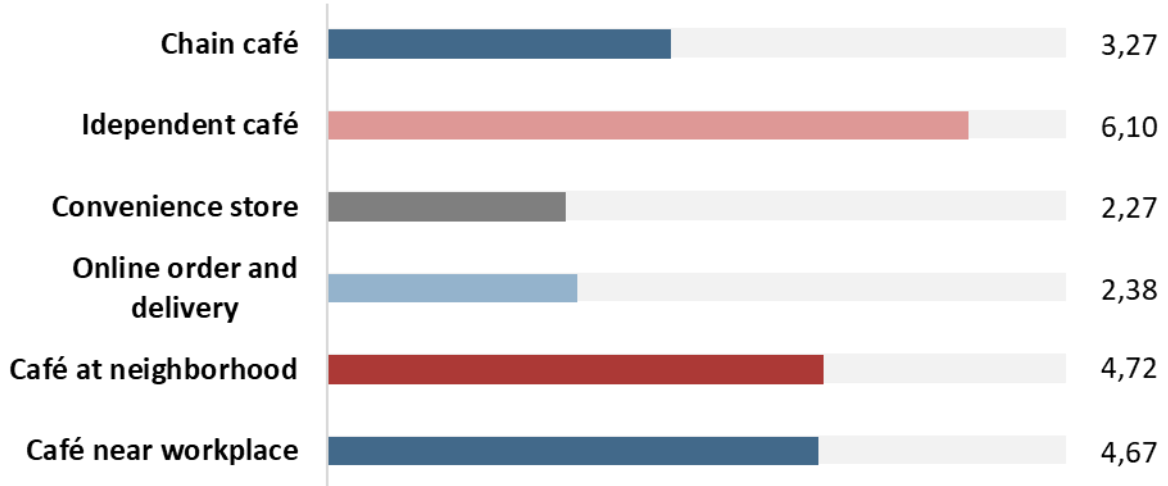
The result shows that the three most important factors that attract people to coffee are: its taste, aroma and the experience of making coffee. This order is the same as last year, and shows coffee-drinkers focus on the quality of coffee and on the process of coffee-making.

1.5 Café preferences

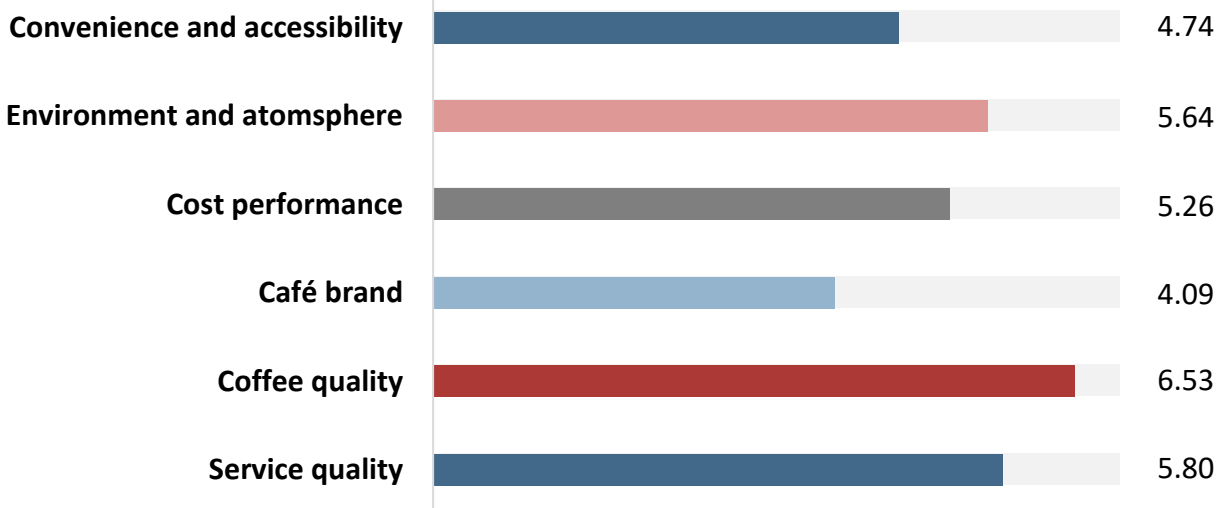
The number of café and business models grew in 2018. The rise of Luckin Coffee became the hottest topic in the Chinese coffee cluster. Therefore, we added two new aspects of café types and expense preference in a café to the survey this year. The result shows that coffee fans are still fond of independent cafés, and are most likely to visit a café nearby their office or home.

The quality of the coffee is the most important factor in picking a café. Convenience and accessibility, service experience, environment and atmosphere also play an important role in attracting coffee drinkers.

Where do you prefer to enjoy a cup of coffee?



Which element do you value the most in choosing a café?



1.6 Café experience satisfaction

On satisfaction, experience, hygiene and willingness to recommend, people have been asked to score the statements below with a score from 1-7; 1 meaning completely disagree and 7 meaning completely agree.

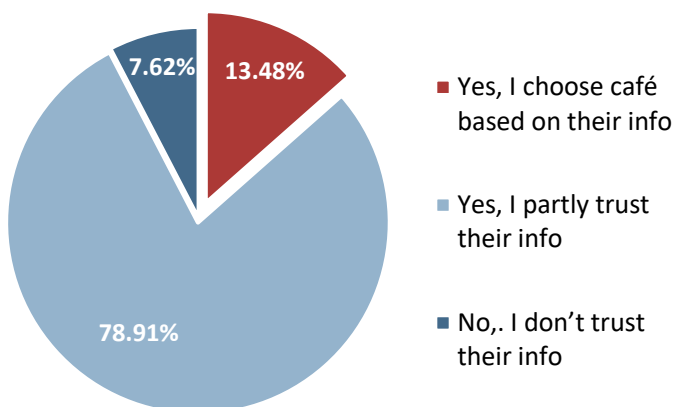
What is important when going to a café?



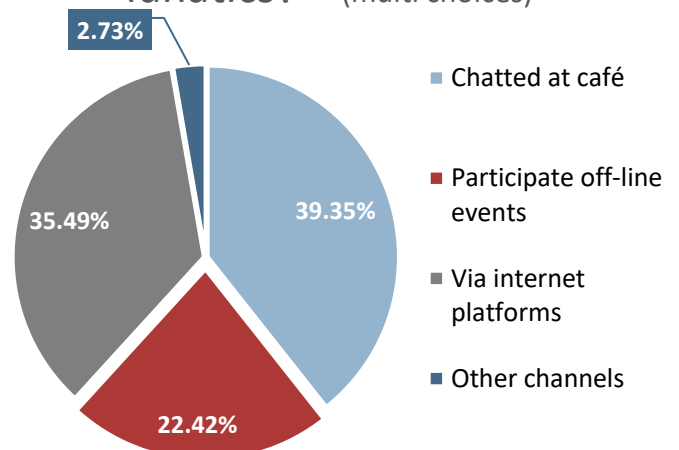
Of the results, “good food in café” was the only item scored lower than 5. In general, consumers that are happy with the experience in a café and enjoy the coffee there will recommend it to others.

1.7 Interactions

Do review-sites influence where and how you consume coffee?



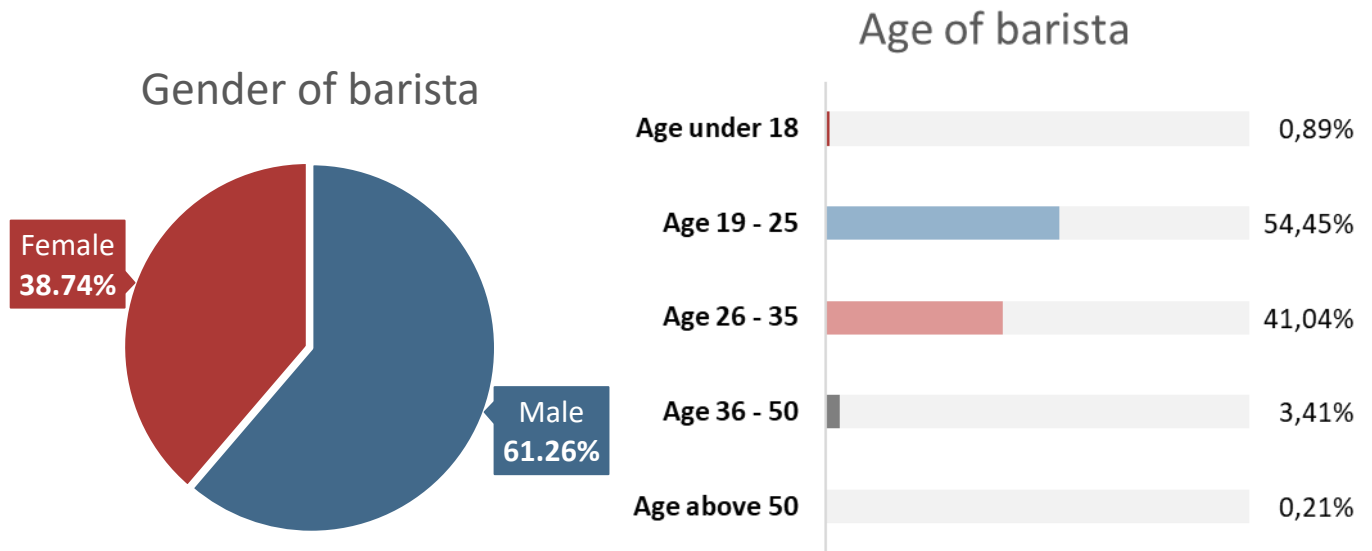
In what way(s) have you interacted with people-fanatics? (multi choices)



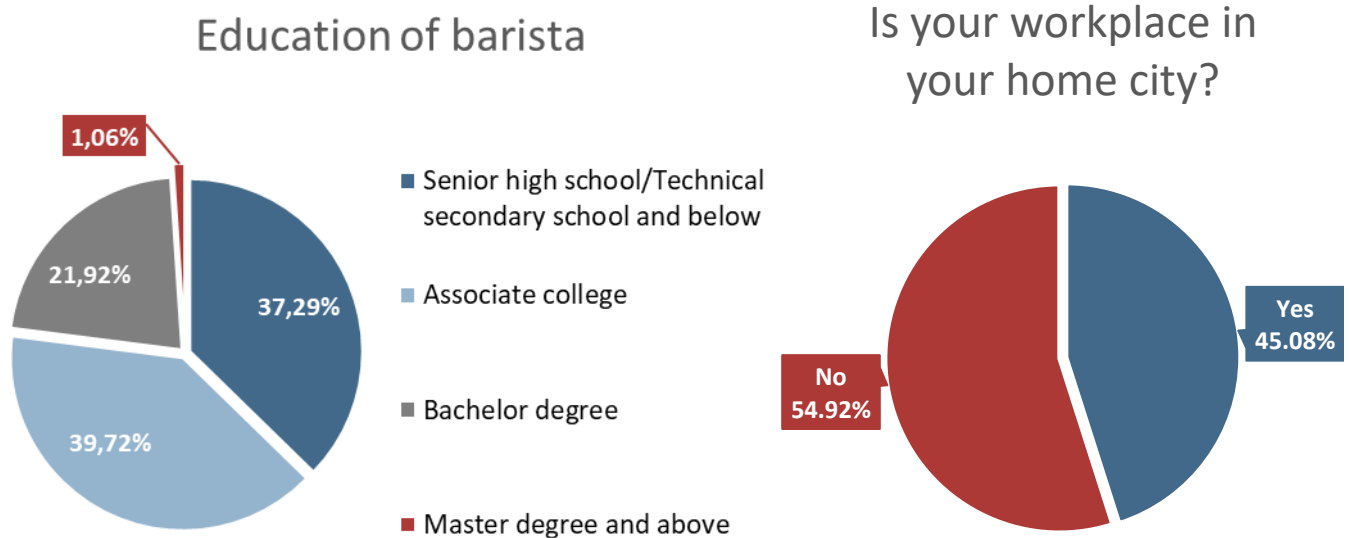
The rapid development of internet and big data analysis provides channels for interactions among consumers and information platforms both online and offline. This strongly influences customers' behavior and decisions on where to consume their coffee. Cafés could put more effort in converting online information flows to offline outputs.

Chapter 2: Baristas

2.1 Basic characters (gender, age, education, work-city)



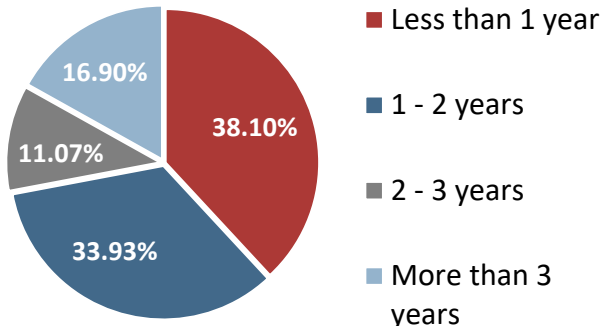
There are more male than female baristas. In addition, percentage of female baristas decreased since last year, slipping from 40.72% in 2018 to 38.74% in 2019. More than half of all baristas are in age between 19-25 years old. Nearly all baristas (95.49%) are between the age of 19-35 years old.



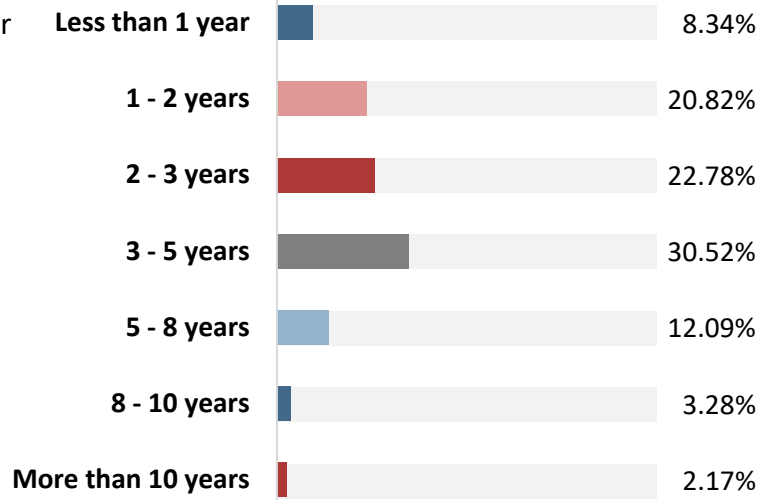
77% of baristas do not hold a bachelor degree, and 54.92% of them are working outside their hometown.

2.2 Career characters

How long have you been working in the café you currently work at?

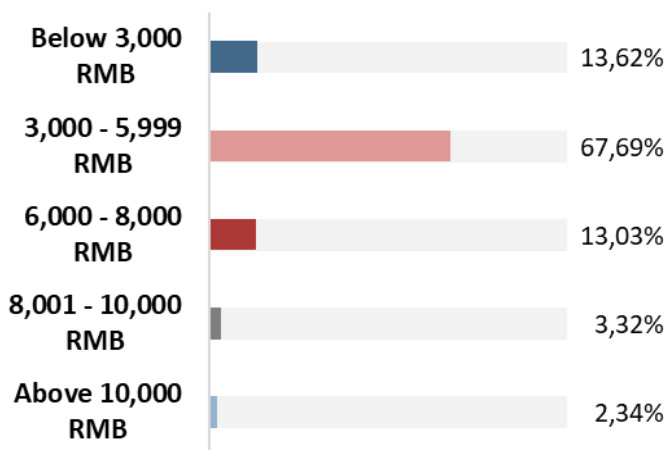


How long have you been working in coffee-related field?

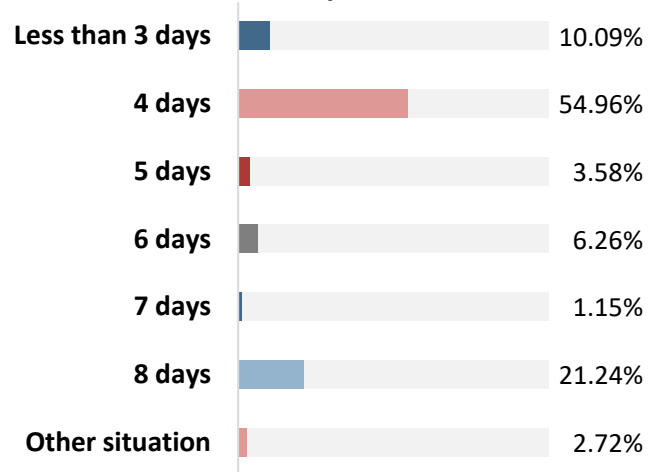


Nearly half of all baristas has more than 3-year work experience related to coffee. This lies percentage is 18% higher than last year survey. Of all baristas, 38.10% hasn't been working in their current workplace for less than one year. Baristas frequently change jobs.

Monthly income (RMB) of barista



How many days do you have off per month?

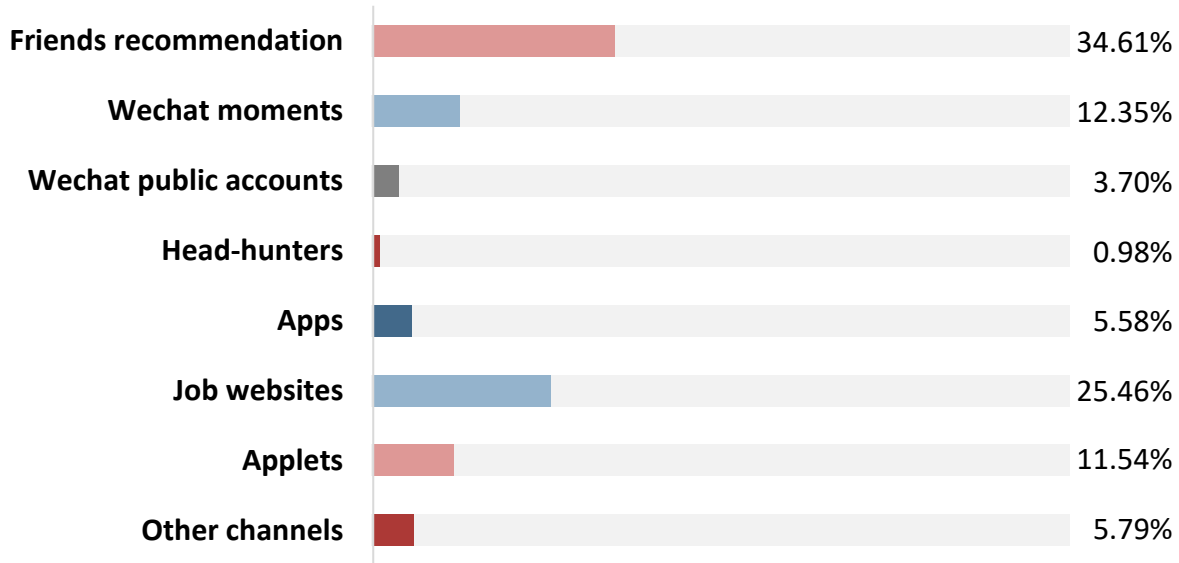


The majority of baristas (67.69%) earn a salary in the range of 3,000-5,999 RMB per month. More than half baristas have four days off every month. 21.24% of them can enjoy eight days off every month.

2.3 Works and skills

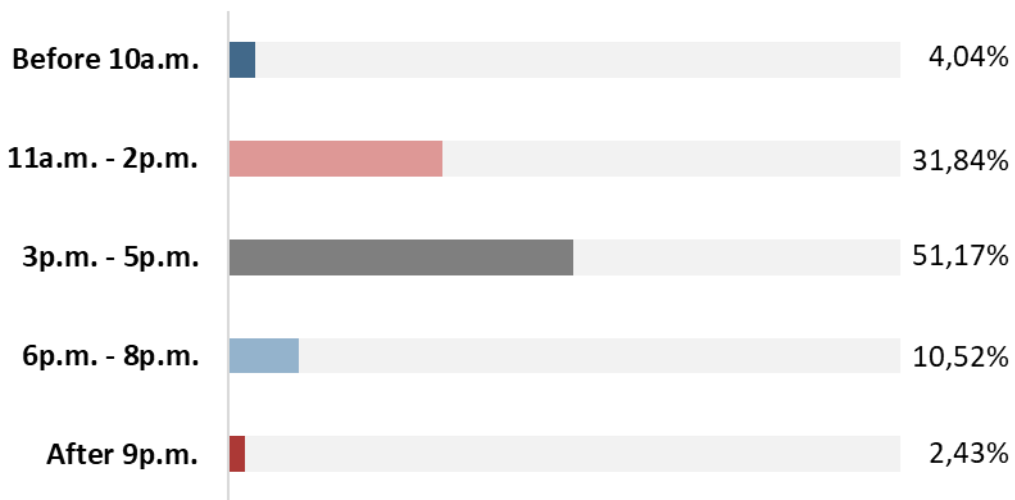
Where do you collect barista recruitment info?

(single choice)



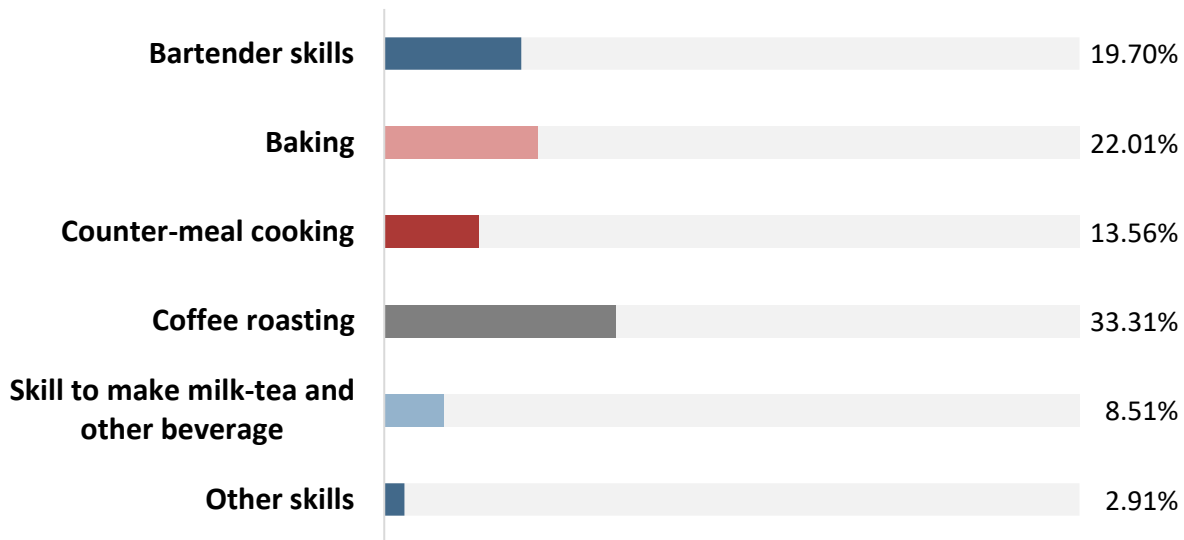
34.61% of baristas get a job on a recommendation from friends. The survey results show that baristas find jobs mostly through sectoral information platforms, including WeChat moments, public accounts and mini-programs (applets).

The busiest working-hour in café

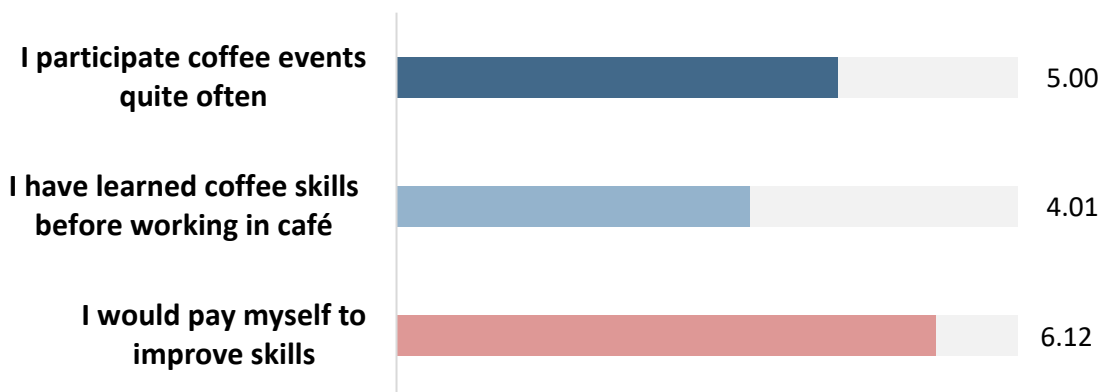


Working in a café, the busiest hours are from 11 a.m.-2 p.m. (lunch), from 3 p.m.-5 p.m. (high-tea), and from 6 p.m.- 8 p.m. (dinner).

Besides coffee-making, which skills are you interested in learning? (multiple choices)



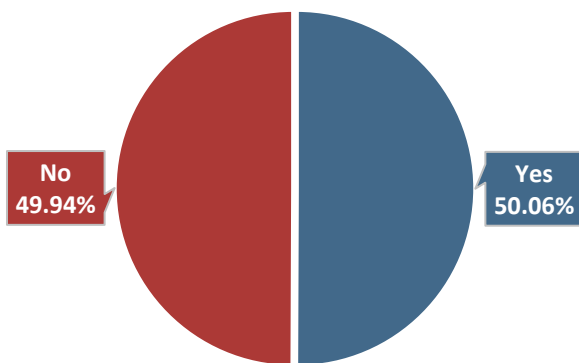
On personal coffee skill improvement (score each item from 1-7)



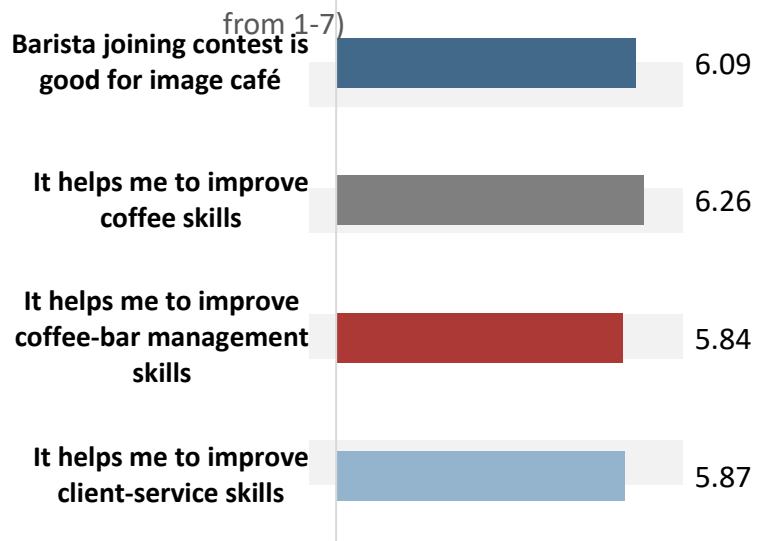
Café owners like baristas with multiple skills. The survey shows that baristas would like to learn “coffee roasting skills” the most, and then the skills of “baking”, “bar-tending” and “counter-meal cooking”.

Baristas are eager to improve their coffee skills and many even personally invest in materials themselves.

Have you participated any coffee contests?



Opinions on participating in coffee contests (score each item from 1-7)



Compare to last year, there are 12% more baristas that have participated in coffee contests, making it 50.06% of all surveyed baristas. Baristas have a positive opinion on coffee contests. They see it as an opportunity to improve their skills and draw more business to their café.

2.4 Work atmosphere and attitude

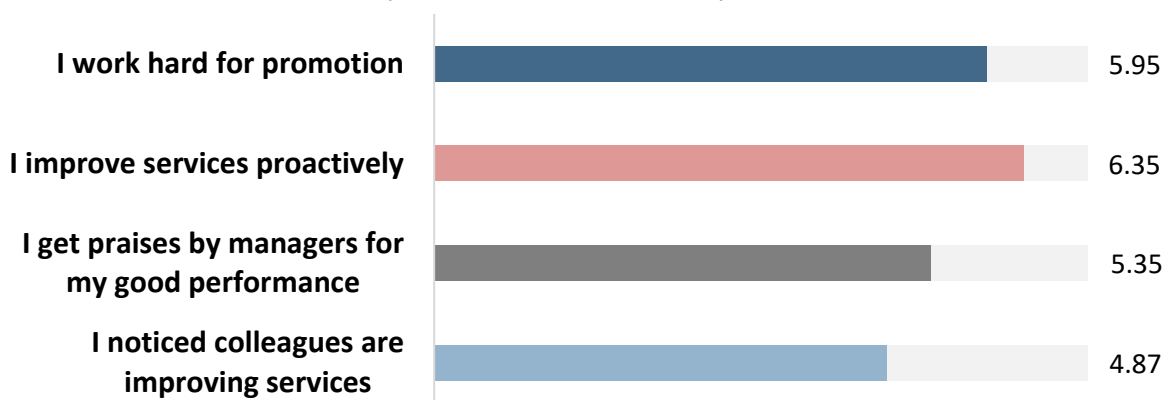
Competition among cafés is quite strong. Service quality and consumer experience are very important factors to a successful business. Baristas and other staff are on the floor, interacting with clients directly. They are the ones that provide the consumers with a first impression of the quality of a café.

The survey results show baristas give positive self-evaluations on their service-minded mentality and attitude. However, the feedback on work atmosphere is not very high. On a scale from 1-7; 1 meaning completely disagree and 7 meaning completely agree, the average score on “seeing your colleagues improve their services skills” was only 4.87. On the other hand, baristas evaluate themselves as relatively lacking communication skills, service awareness, team-work spirit and sense of ownership in the café.

Generally saying, baristas notice the importance of serving clients well. However there is room for improvement in practical service skills and work atmosphere.

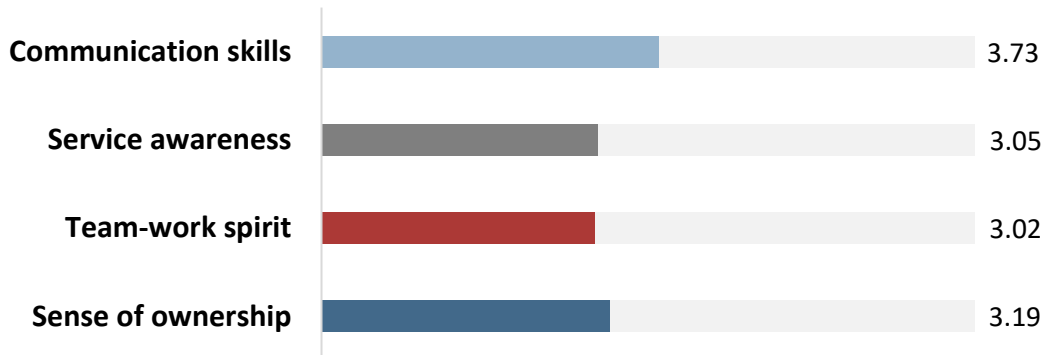
Evaluation on work atmosphere

(score each item from 1-7)



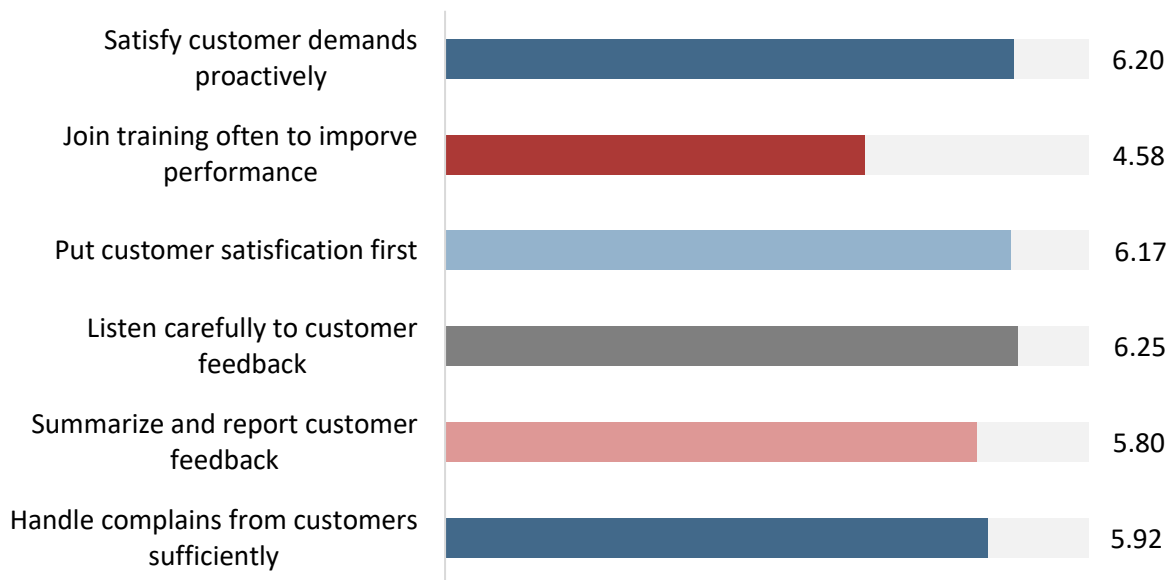
Self-evaluation on shortages

I lack ... (with scored 1-7 from low to high)



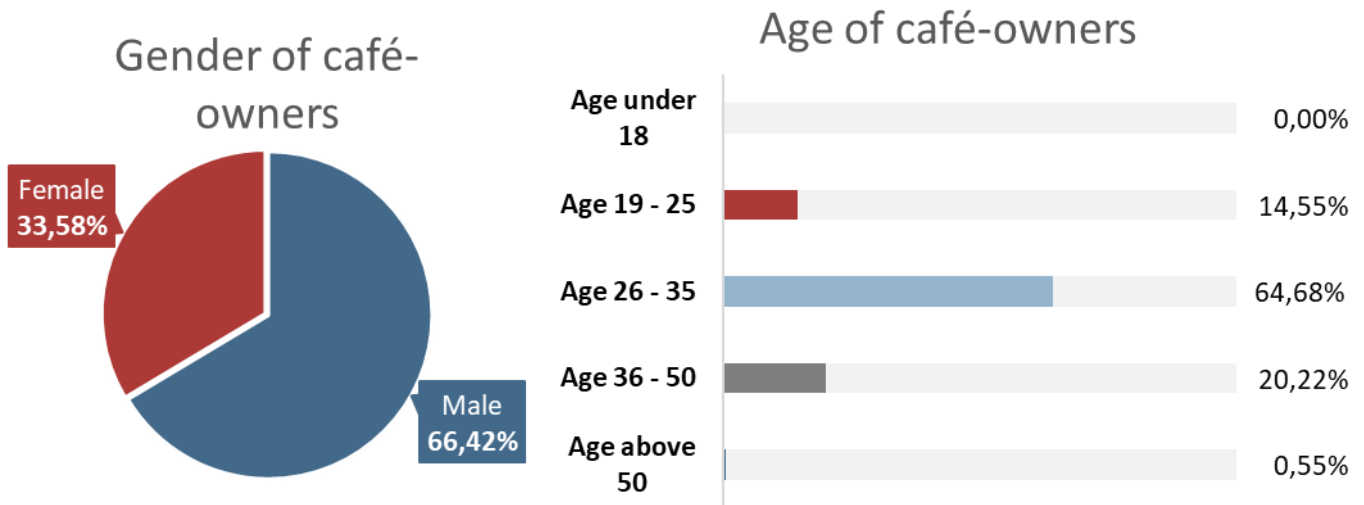
Self-evaluation on strengths

I am good at ... (with scored 1-7 from low to high)

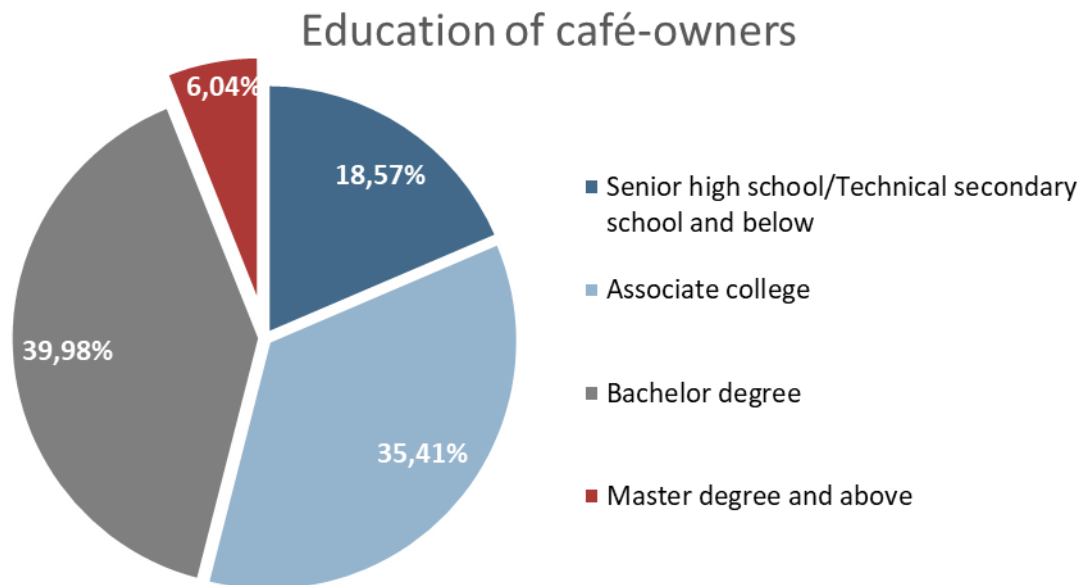


Chapter 3: Café-owners

3.1 Basic characters (gender, age, education, previous work)



The survey shows that 66,67% of all café-owners are men. This percentage is 3.1 higher than the previous year. Almost 80% of all café-owners are between 19-35 years old.

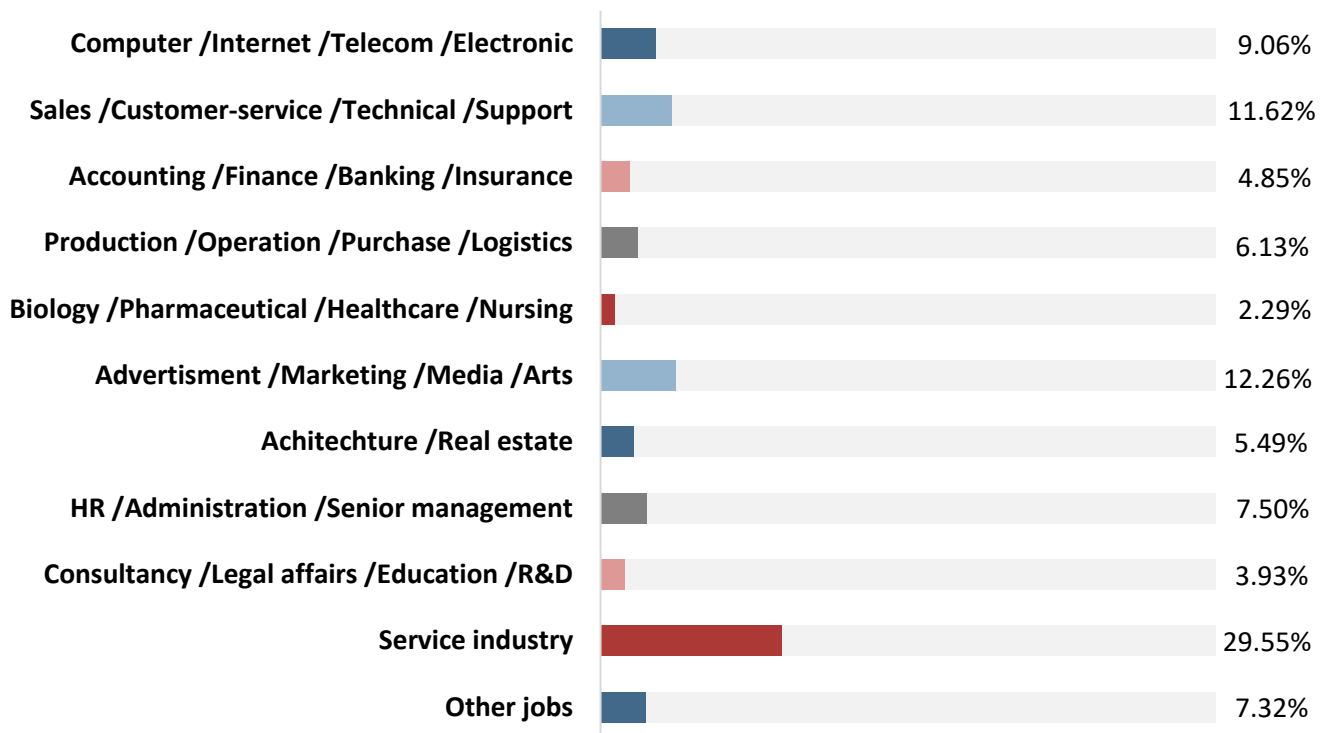


Café-owners on average have a higher education background. Nearly 82% of them graduated from college or higher. 45% these café-owners have a bachelor degree or higher.

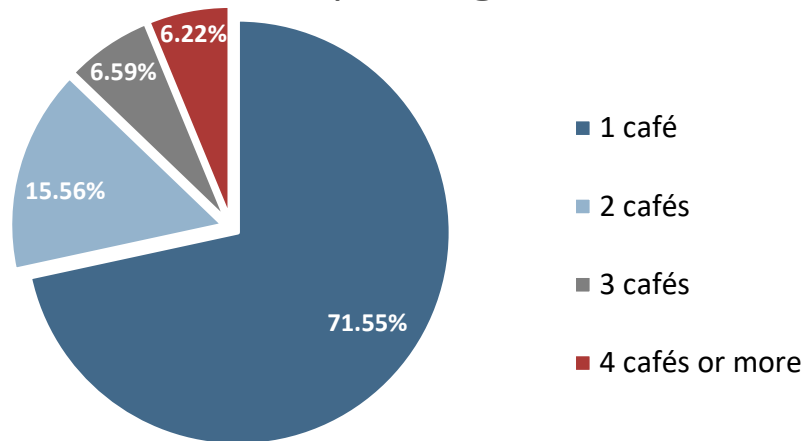
Only 30% of café-owners have previously worked in the service industry, including catering services. This indicates that café business does not have barriers of monopolistic knowledge and skills.

3.2 Current café operations

In what fields did job café-owners worked before?



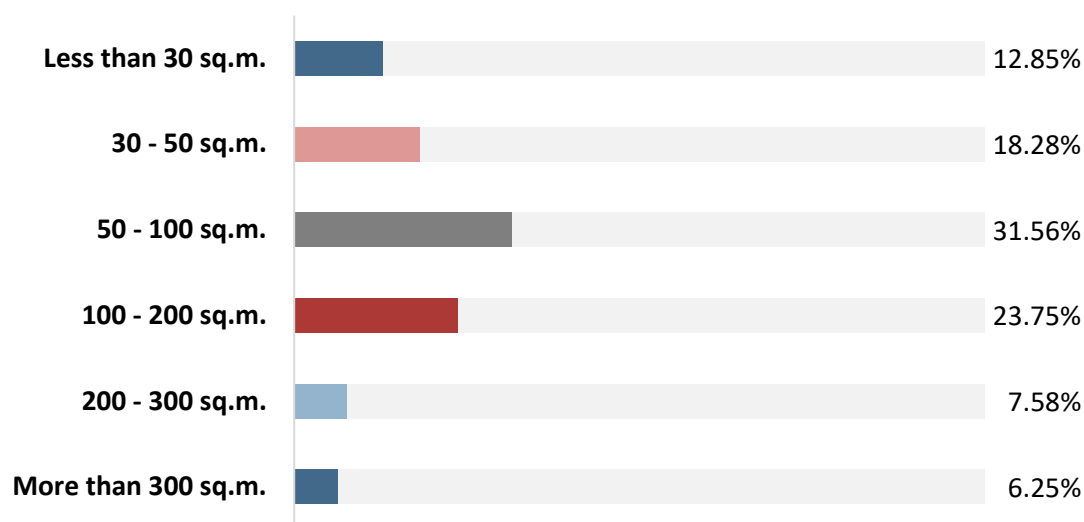
How many cafés are you currently operating?



71.55% of café-owners operate an independent café.

How big is your café?

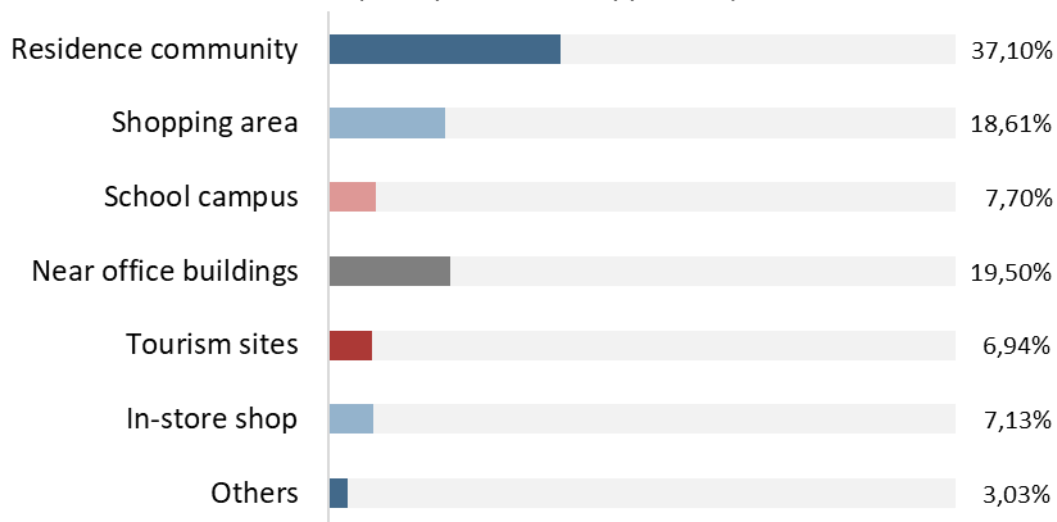
(multiple choice if you have more than one café)



Most cafés are relatively small, occupying less than 100m².

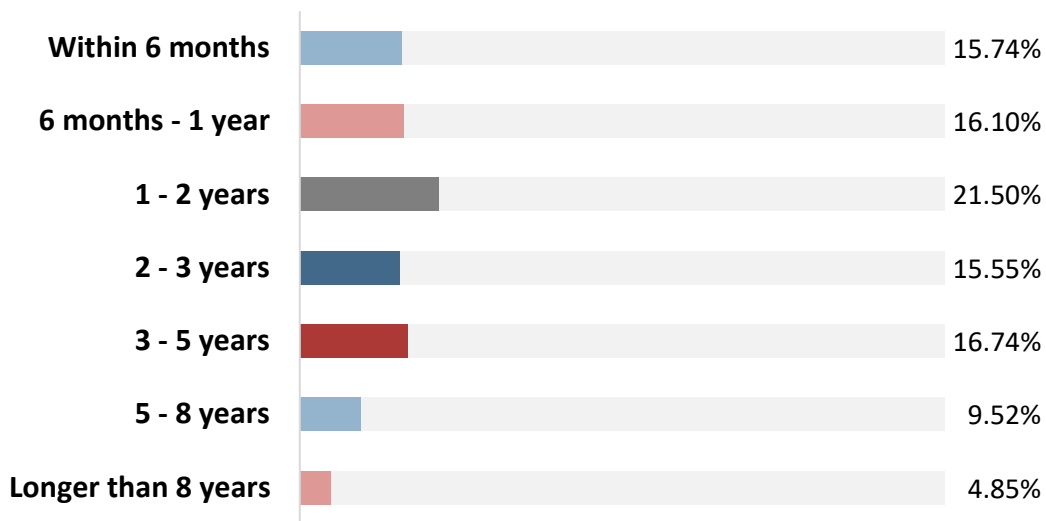
Where is your café located?

(multiple choice if applicable)



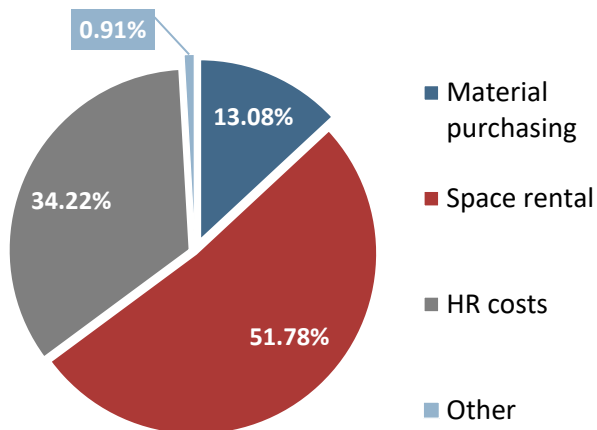
Investors prefer to open a café in a residential community, shopping area or office surroundings.

How long have you operating current café? (single choice)

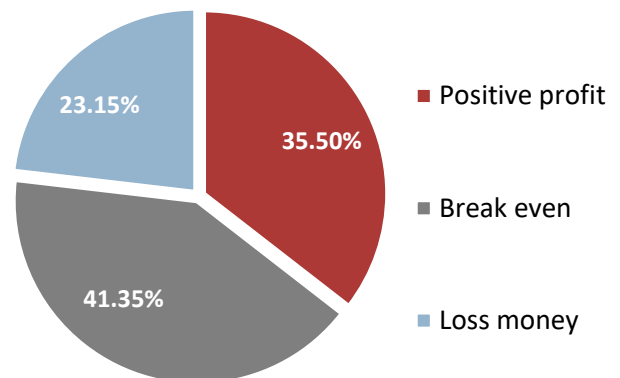


The survey shows that in the past year, 30% more cafés were opened in comparison to the year before. This coincides with the trend of a fast-developing coffee and café sector.

What are you biggest expenses in running a café? (multiple choices)

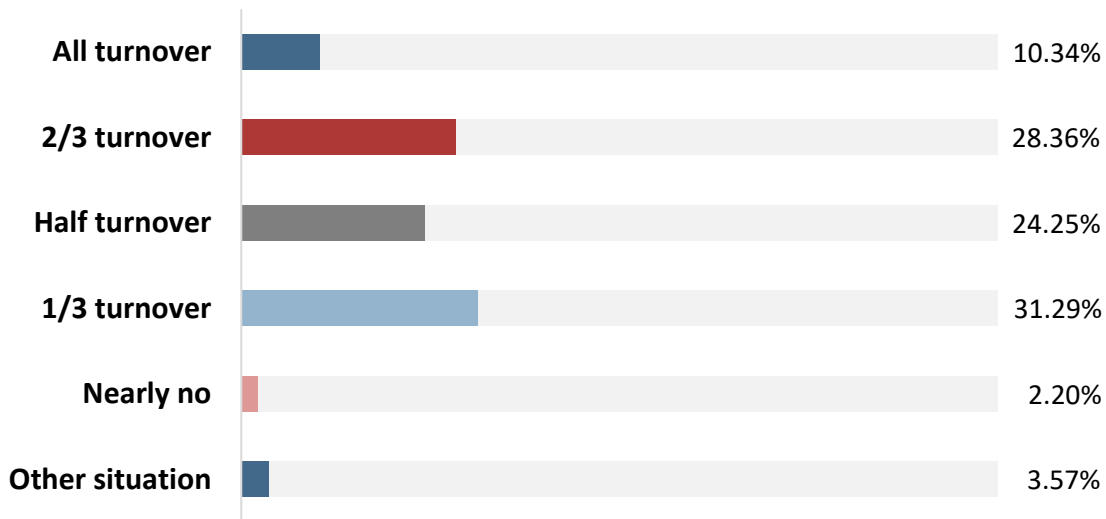


How was you balance at the end of 2018? (single choice)



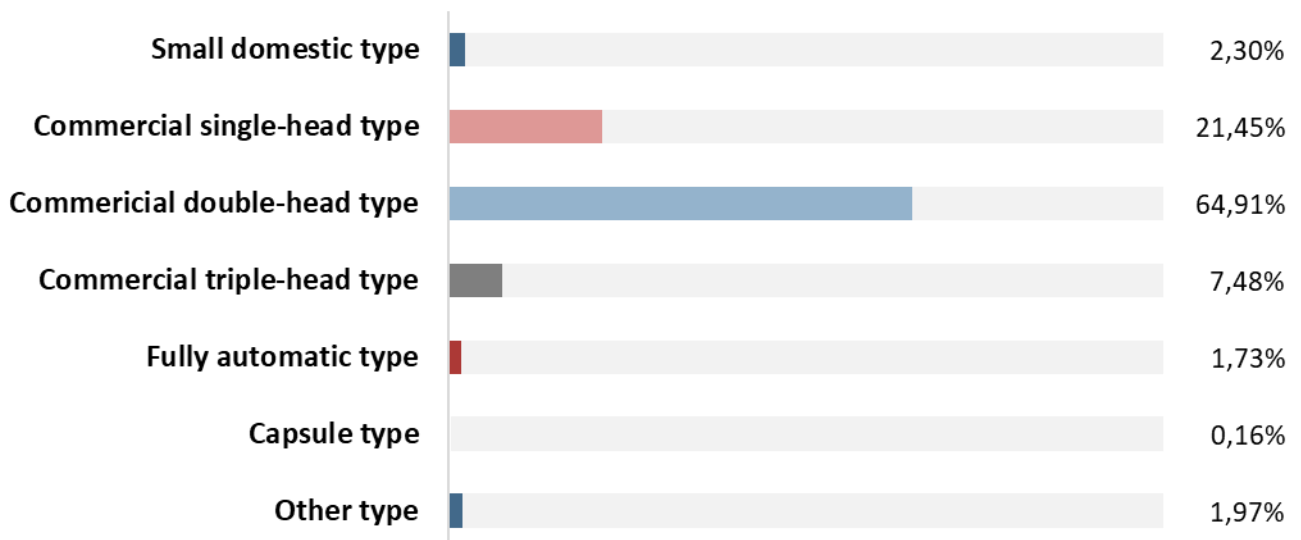
Rental costs and human resource costs are the biggest costs for a café. In addition, only 35.50% of café owners estimated their café business was earning money. 23.15% found their café losing money. This is in line with expectations, with many newly opened cafés in the market.

Average part of coffee sales in daily turnover in café



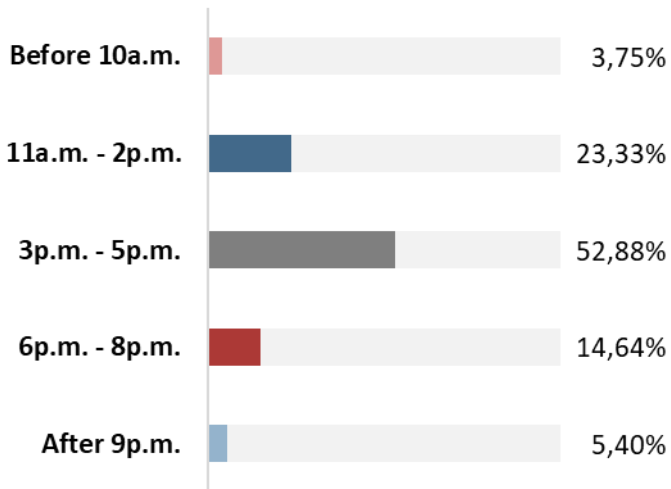
The data shows only a small number of cafés (10.34%) only offer coffee, increasing from 5.85% in the 2017 survey and 8.30% in the 2018 survey. This could be due to an increase in the consumption of coffee. On the other hand, for newly opened cafés (2.2%), coffee is a very small part of their daily business.

Which type of coffee machine is used in your café? (multiple choices)

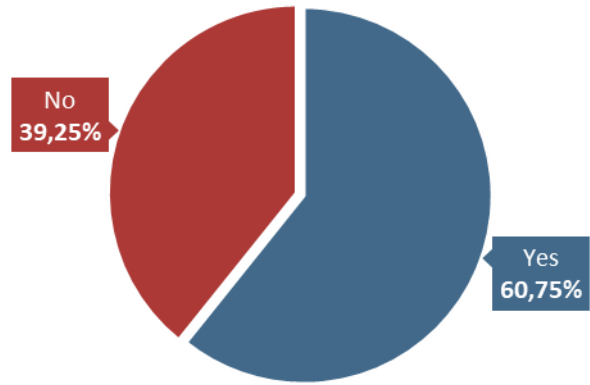


Commercial coffee machines are widely used in cafés and account for more than 90%.

The busiest hour in your café (single choice)

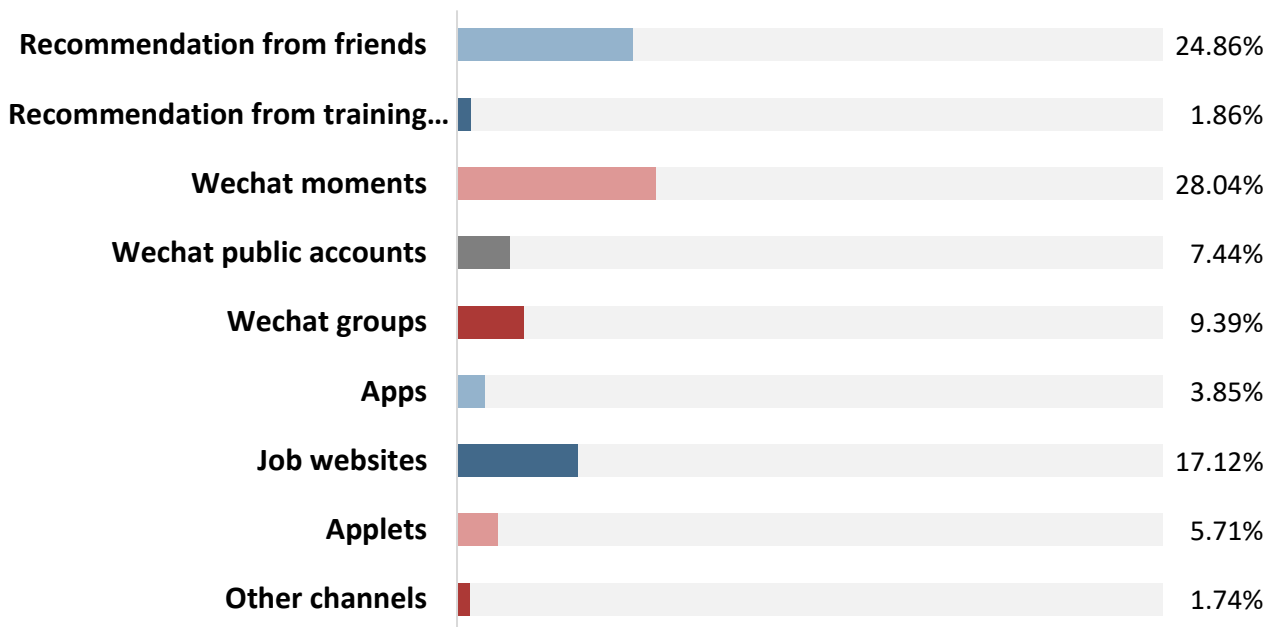


Do you provide coffee-delivery service at your café?



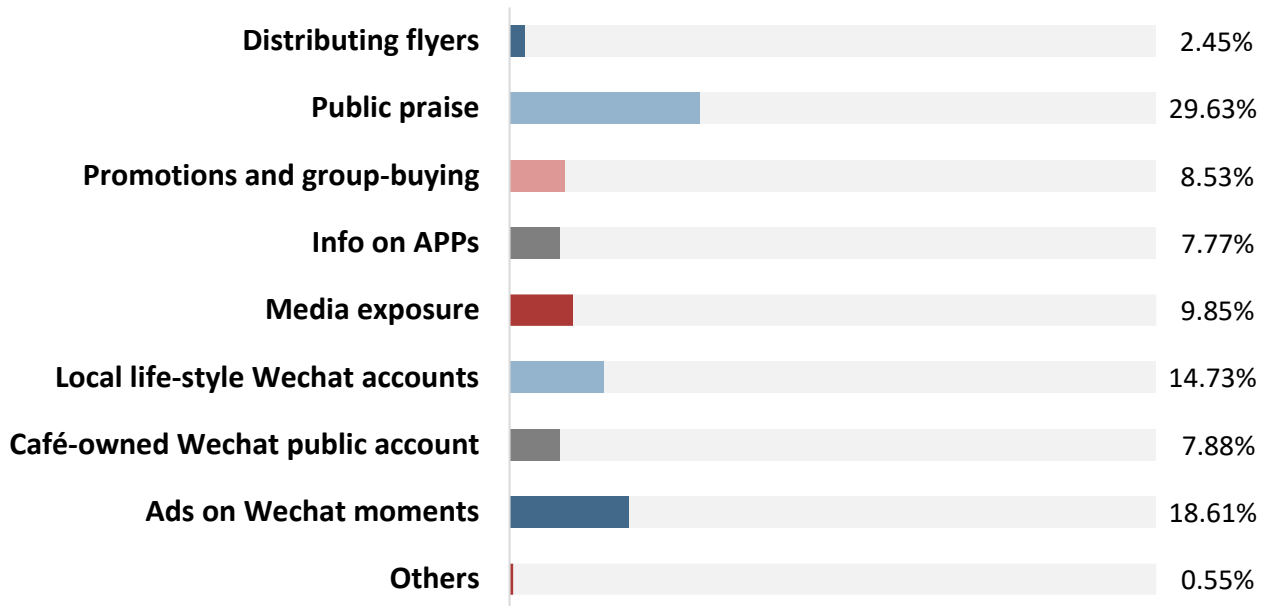
More than half of café owners found the “high tea” time (3p.m. - 5p.m.) busiest and 60.75% of cafés offer delivery services.

Where do you find recruitment info? (multiple choices)



Cafés mostly rely on recommendations from friends (24.86%) and information channels in the coffee circle (WeChat Moments, 28.04%) to spread their recruitment demands. Finding recruits via job websites (17.12%) is also a frequently used approach.

Which approaches you found the most effective to attract attention and customers? (multiple choices)

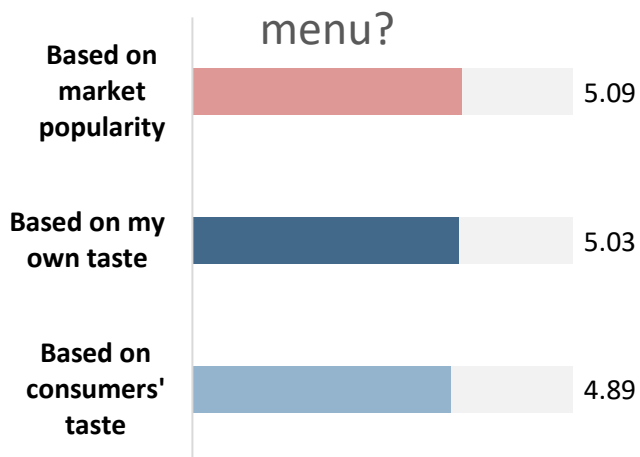


Cafés advertise themselves mainly via the recommendations of consumers (29.36%) and WeChat channels, including WeChat moments (18.61%) and publics accounts of their own and KOL (7.88% + 14.73%).

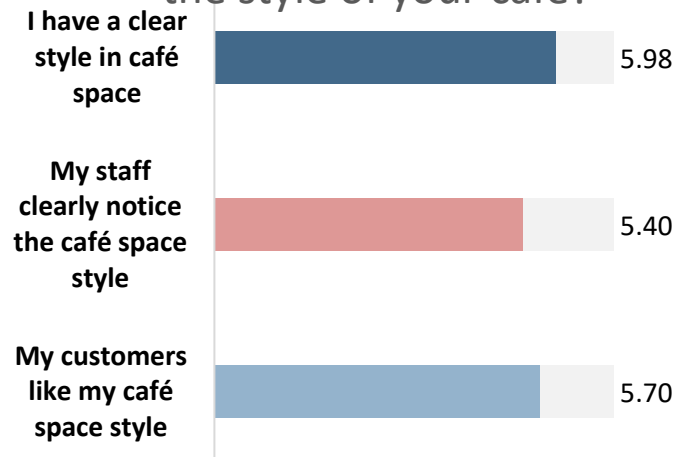
3.3 Café management

To understand how café-owners manage their business and evaluate relevant factors, the questionnaire included several items that asked them to score based on how much they agree with the statement, by giving 1-7 points from low to high.

Which elements help you develop and design menu?

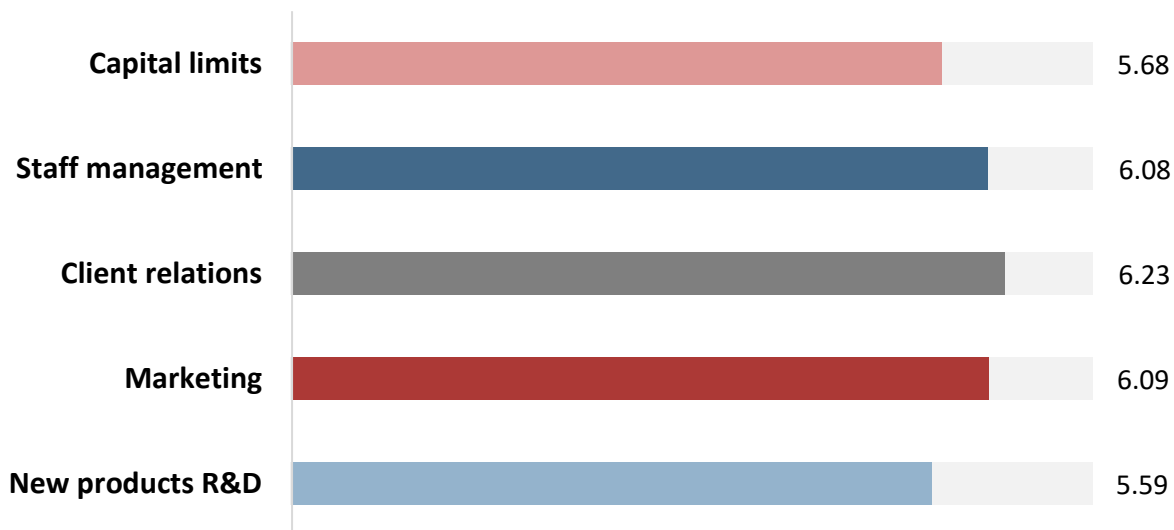


How would you evaluate the style of your café?



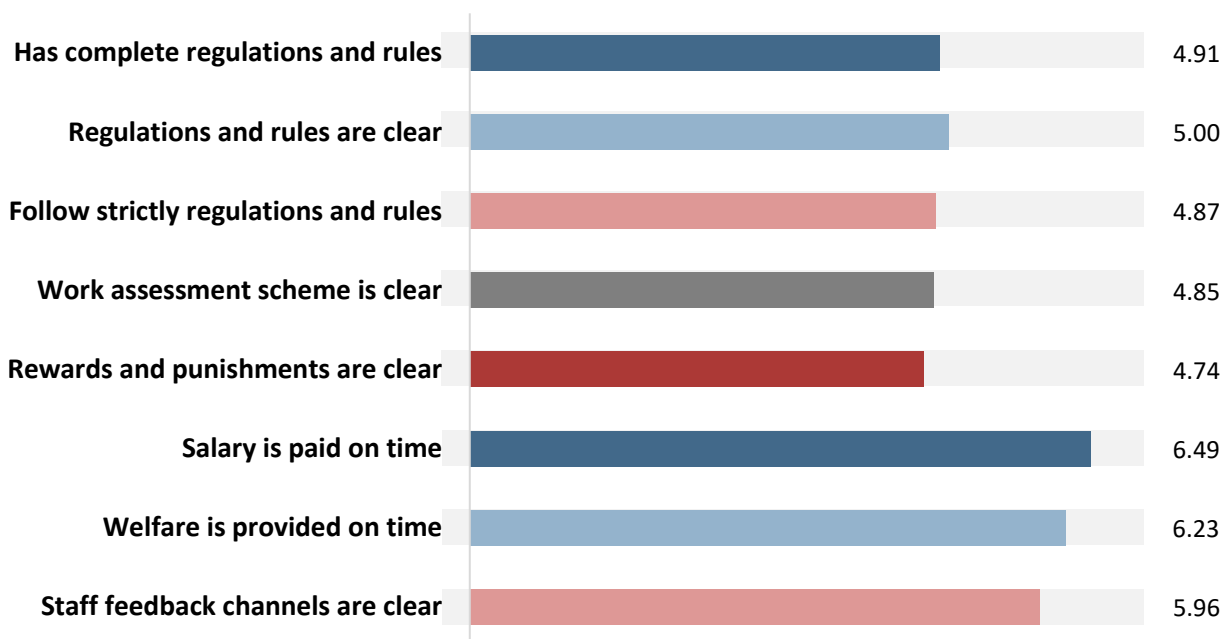
Survey results show café menus are designed with the idea of mixing the factors of market popularity, own taste and consumers' taste. Café-owners design their café space with a clear idea of space style (5.98).

How important are the following factors in running a succesfull café?



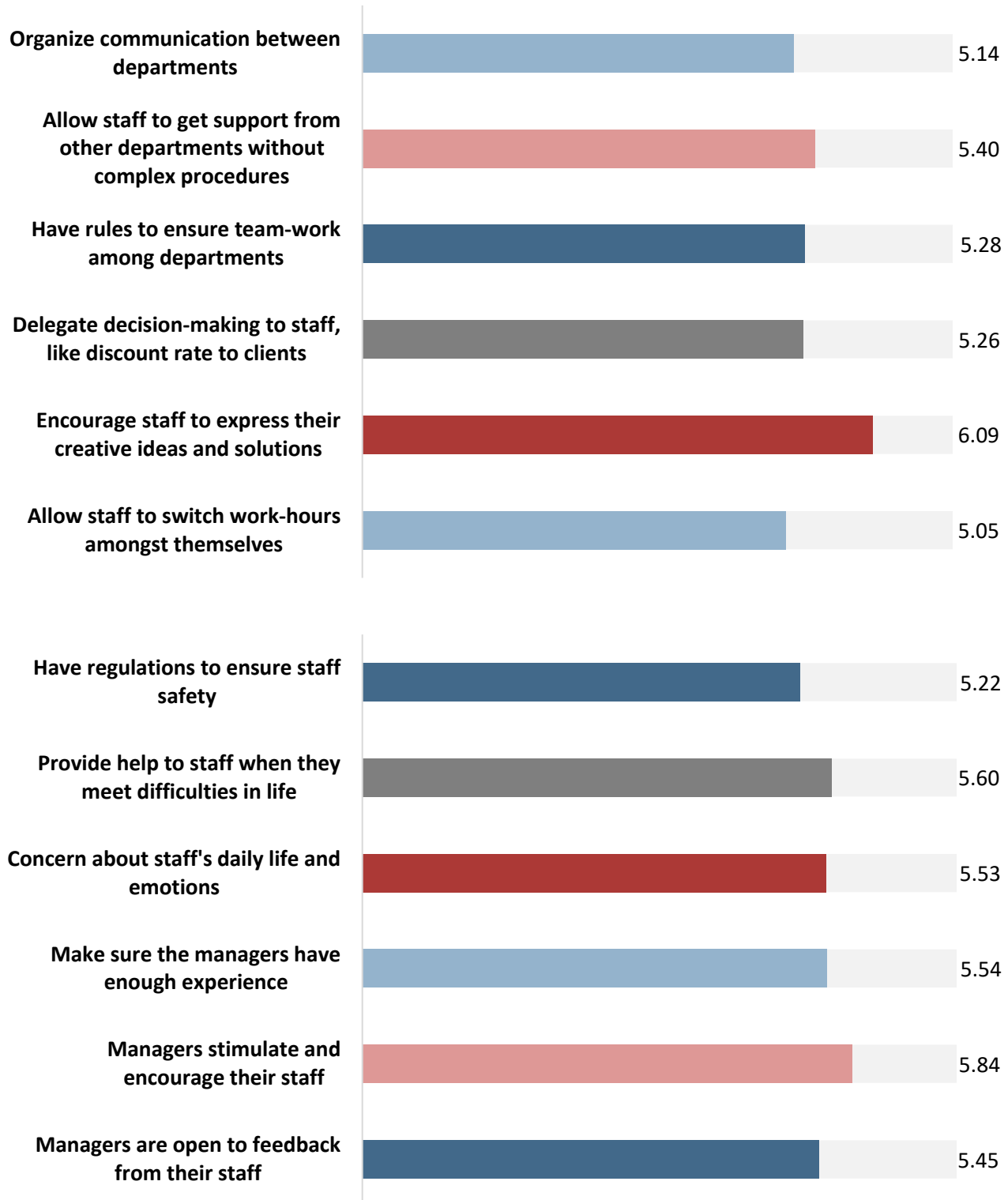
Café-owners say they put coffee quality in the first place (6.51), and that coffee stability (6.43) and café location (6.26) are also very important factors for a successful business.

How you evaluate your café management?

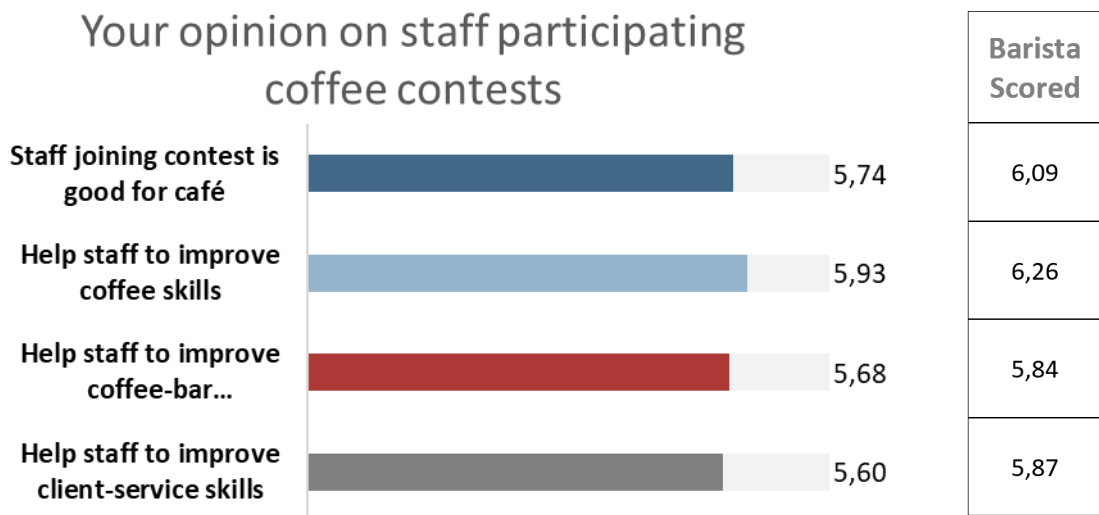


Surveying café management, the factors related to staff received high scores. Factors that received high scores include paying salaries on time (6.49), provide staff welfare on time (6.23), and having a clear staff feedback channel (5.96). The five items related to regulations and rules are scored relatively lower.

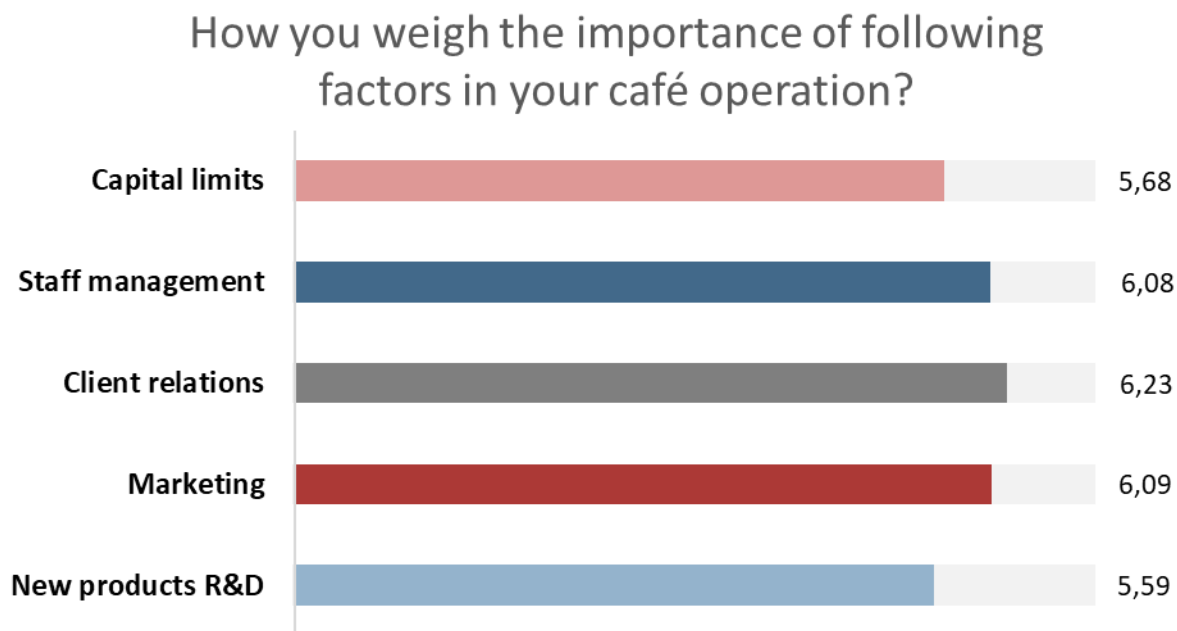
How do you manage your staff?



Café staff can perform better and gain confidence in their work when they get certain rights and space to make decisions themselves and get supports and help from their managers. Café-owners say they are open to suggestions and creative ideas from their staff (6.09).



Both baristas and café-owners hold similar opinions about coffee contests having a positive influence on the café business; there are small differences on the final scores between the two groups.



In the survey, café owners rank the client relations, marketing and staff management as the top three key issues for café operations. Capital and R&D are also considered important.

Conclusion

Taking the coffee sector as a whole, coffee-drinkers, baristas and café-owners together form the consumption market and drive the development and fast increase of the Chinese coffee supply chain. Many particles within the supply chain, such as coffee growers, tool and machine producers, technology developers etc., are offering their services and products to these three consumer groups.

When we zoom in on the cafés, they are the space where coffee drinkers, baristas and café-operators meet, communicate and interact. Cafés have become a gathering place for the developing Chinese coffee culture and the site of experiences. Cafés are the buyers of many coffee materials and tools, as well as the providers of final products and services to end-consumers. They are both facing competition from other cafés, as well as similar drinks, catering shops and companies.

The three groups of coffee consumers - coffee drinkers, baristas and café-owners - are the wheels of the coffee sector, driving it toward prosperity. Surveying their experiences and opinions is very meaningful to providing feedback to the entire coffee sector, and to support a sustainable development.