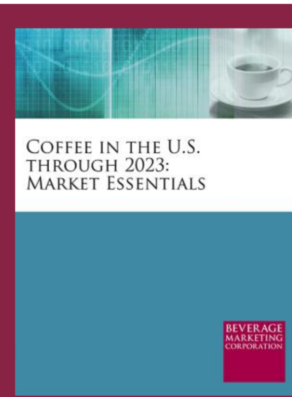
COFFEE IN THE U.S. THROUGH 2023: MARKET ESSENTIALS

2019 EDITION (Published December 2019. Data through 2018. Market projections through 2023.) More than 100 Excel tables plus an executive summary detailing trends and comprehensive profiles of leading companies, their brands and their strategies.



This U.S. coffee market research report puts the U.S. market into global context and delivers data on coffee production and consumption, quarterly growth, imports and exports, advertising and demographics. The industry research also covers the ready-to-drink coffee market, specialty coffee, coffee pods and single-cup coffee machines.

The report presents the data in Excel spreadsheets, which it supplements with a concise executive summary highlighting key developments as well as a detailed discussion of the leading coffee companies.

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The answers you need

Coffee in the U.S. through 2023: Market Essentials provides in-depth data, shedding light on various aspects of the market. Questions answered in this comprehensive market report include:

- How many gallons of coffee per person were consumed in 2018?
- Which segments of the coffee market grew the fastest? Which segments are losing the battle for market share in the U.S.?
- How does global green coffee growth compare with growth patterns for the U.S.? Which are the leading exporters of coffee to the U.S.?
- What are the principal distribution channels for coffee? Which sales channels will gain market share? Which will lose share points?
- How will the foodservice channel fare over the next few years? What are the growth expectations for coffee in the drug store and vending channels? What are the prospects for future growth in the coffee market?

This U.S. Coffee report features

This coffee report examines the total United States coffee market, with coverage of ready-to-drink (RTD), specialty, fair-trade and organic coffee. Get perspective on wholesale and retail sales, volume and per capita consumption. Beverage Marketing's reliable, all-sales-channel-inclusive data includes:

- Data on volume, sales and growth and putting the U.S. market in a global perspective. Includes global and select country data on green coffee as well as fair trade coffee.
- Break-outs of volume, share and growth of coffee sub-segments including roast/ground, pods, whole bean, instant, mixes and ready-to-drink (RTD) coffee.
- Quarterly coffee market growth data.
- Detailed profiles and analysis of the leading companies and brands, discussions of their marketing activities and distribution strategies as well as company and brand sales volume data. Coverage includes The J.M. Smucker Company (Folgers), The Kraft Heinz Company (Maxwell House), Nestlé S.A., Starbucks Corporation, JAB Holdings (Keurig Dr Pepper, Peet's, etc.) and others.
- Volume trends for leading companies and brands for the total coffee market and by type, including whole bean, roast/ground, coffee mixes, instant coffee, coffee pods and coffee syrups.
- Advertising expenditures of the leading coffee companies and a look at category spending is broken out by 18 media types (including Internet and Spanish-language advertising).
- Consumer demographic profiles comparing consumers of specialty coffee.
- Data on green, roasted, caffeinated and decaffeinated imports.
- Five-year compound annual growth projections (CAGRs) for the coffee market and its sub-segments, including RTD coffee through 2023.

Coffee in the U.S. through 2023: Market Essentials

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December 2019

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RESEARCH ● DATA ● CONSULTING

NOTE: The information contained in this report is confidential and solely intended for the benefit of the immediate recipient hereof.

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Emeryville, California-based Peet's Coffee & Tea, the first Peet's store in Berkeley, California, opened in 1966. The Starbucks Coffee Company, which began operation in 1971, purchased Peet's Coffee and Tea, Inc. in 1984. It subsequently sold the Starbucks name and related assets to Il Giornale Coffee Company and its founder, Howard Schultz.

- Although it competes with Starbucks by offering hot coffee sold by the cup, Peet's stock in trade is sales of beans from its retail locations and to supermarkets, offices and foodservice, as well as through mail order and the Internet. These non-coffee-shop channels accounted for a minority of sales, but a majority of the company's operating profit. Peet's coffee is available in more than 15,000 stores.
- Peet's also distinguishes itself by offering more upscale coffees than Starbucks. However, increasing traffic to supermarkets put it more in direct competition with the Seattle-based behemoth. Also, Starbucks started to encroach on Peet's territory by opening its Starbucks Reserve Roastery and Tasting Room in Seattle.
- In August 2014, Peet's acquired Mighty Leaf Tea as a diversification play, with private equity firm Next World Group taking a minority stake. It switched its in-café tea offering to the Mighty Leaf Tea brand.
- Peet's operates more than 250 Peet's stores in eight states plus Washington, D.C. A majority of the stores are located in California. It roasts all coffee in its plant in Alameda, outside of Berkeley. In December 2016, however, the company announced a $58 million investment in a new 175,000-square-foot coffee roasting plant in Suffolk, Virginia, that would double its capacity. (However, the plant is in limbo.)
- Peet's Coffee & Tea suddenly was busy on the acquisition front in 2015. In the fall, it acquired Stumptown Coffee Roasters and then quickly followed that up with an announcement that it would acquire a majority stake in Chicago's Intelligentsia Coffee, which had 10 coffee bars in Chicago, Los Angeles and New York.
- With artisanal coffees seen on the rise, the company felt that different banners within the better-bean movement could serve the discerning millennial audience — all without cannibalizing each other's sales. For example, in an interview with *BevNet.com*, then-CEO Dave Burwick called Peet's "a national, mainstream, premium brand with scale" while Stumptown is "more of a super-premium niche brand." This was reflected in a $9.99 price per 12-ounce bag for Peet's, compared to $14.99 for Stumptown. (In 2018, Burwick departed for Boston Beer and was replaced as CEO by Wrigley executive Kenneth "Casey" Keller.)

Exhibit 2.7

U.S. COFFEE MARKET
SHARE OF CONSUMPTION BY SEGMENT
2013 – 2023(P)

Segment	2013	2014	2015	2016	2017	2018	2023(P)
Roast/Ground	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Pods	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Whole Bean	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
RTD	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Instant	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
Mixes	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%
TOTAL	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%	[illegible]%

(P) Projected
Source: Beverage Marketing Corporation