

Functional Coffee Market - Growth, Trends, and Forecasts (2023 - 2028)

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Report description:

The Global Functional Coffee Market is projected to register a CAGR of 5.91% in the upcoming five years.

The functional coffee market is one of the fastest-growing areas in the beverage industry as it considers a healthy halo, offering drinks containing properties perceived as better and healthier. Subsequently, the growing health consciousness among global consumers is further propelling the functional coffee product demand. Coffee infused with cannabinoids (CBD) is becoming popular with consumers due to its health benefits, including pain and anxiety relief. Owing to this trend, the players are introducing innovative products. For instance, in August 2022, US-based Brewpoint Coffee launched cannabidiol (CBD) infused coffee, targeting consumers seeking jitter-free beverages infused with CBD's calming effects.

On the other hand, the drinks claiming to boost the immune system and contain antioxidants with powerful anti-inflammatory benefits have witnessed higher demand among consumers. Hence, manufacturers have infused turmeric, ginger, cardamom, and cinnamon into coffee grounds to aid digestion and strengthen immune function. For instance, in September 2022, Nutrocore, a premium USDA Organic and non-GMO certified grown coffee supplier, introduced cinnamon turmeric organic coffee in the market.

Global coffee producers have been adding ginseng to instant coffee for many years to offer additional benefits of improving blood circulation and memory. Manufacturers have combined the convenience and energy boost of instant coffee to increase these coffee beans' functionality. The market for functional coffee expanded to include products with weight-loss claims as well. For example, Bulletproof Coffees offer coffee combined with MCT oil (medium-chain triglycerides) and butter, which helps to support weight loss. The market is driven by multiple factors, including increasing demand for certified coffee products and consumers' acceptance of single-serve coffee brew systems.

Functional Coffee Market Trends

Growing Demand for Healthy Hydration

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Healthy hydration refers to the ability of functional beverages like RTD coffee to provide instant refreshment and mild stimulating benefits that are not considered detrimental, which is otherwise the case with coffee or tea. Furthermore, per capita witnessed higher coffee consumption among European consumers due to increasing demand for healthy beverages and rising specialty roasters in the region. Thus, consumers are developing an affinity for functional drinks due to their ready-to-drink version that offers enhanced convenience, providing a suitable, convenient, and healthy alternative to soft drinks. The rise in obese and diabetic populations in the United States, China, India, Australia, and the United Kingdom shifted the focus from regular caffeinated drinks to functional caffeinated beverages in the recent past. Moreover, research by the International Food Information Council Foundation revealed that 47% of consumers prefer food with additional nutrients. It leads to the high potential for the functional coffee market.

The organoleptic versatility associated with functional coffee makes it easier for manufacturers to innovate with these products in line with the health trends emerging in the global market. For instance, in October 2021, Functional beverage brand REBBL launched a REBBL stacked coffee in the US Market. The product is a ready-to-drink cold brew that offers balanced energy and immune support. Additionally, the beverage is formulated with a combination of caffeine and green tea's nootropic L-Theanine to promote relaxation by reducing anxiety levels. Hence, the growing demand for functional drinks among global consumers due to the increasing diet consciousness is anticipated to fuel the growth of the functional coffee market in the forthcoming period.

North America holds the major share in the market

North America is the dominating region in the coffee market due to the growing trend of coffee consumption. Based on the National Coffee Association report, coffee consumption hit a two-decade high. Similarly, the Spring 2022 National Coffee Data Trends (NCDT) report shows that around 66% of Americans consume coffee daily. Moreover, 43% of coffee drinkers prefer specialty coffee with high-quality ingredients. The Asia-Pacific region is anticipated to be the fastest-growing region in the functional coffee market owing to the rising coffee culture associated with the increasing number of cafe.

Meanwhile, the COVID-19 impact shifted consumer coffee preference, increasing the inclination toward fortified coffee products. Thus, the key players are focused on producing functional coffee products. The growing trend of coffee consumption coupled with increasing health concerns is anticipated to raise the demand for functional coffee products in the market.

Functional Coffee Market Competitor Analysis

The global functional coffee market is competitive, with the top international players holding a significant share of the worldwide market. Key market players are focusing on expansion through merger and acquisition strategies. Key global players in the functional coffee market include Nestle SA, Starbucks Corporation, Tata Coffee Limited, Bulletproof 360 Inc., and Strauss. These companies are actively investing in online distribution channels, targeting consumers who seek convenience. Thus, key players are forming strategic partnerships with online portals, as one of their key strategies is to achieve consolidation and cater to the consumers' demand across various demographics.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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