

North America Cafes & Bars - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2017 - 2029

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Report description:

The North America Cafes & Bars Market size is estimated at USD 119.68 billion in 2024, and is expected to reach USD 203.59 billion by 2029, growing at a CAGR of 11.21% during the forecast period (2024-2029).

Increasing consumption of coffee and the rise of speciality stores favor the market growth

- The cafes sub-segment is the most popular in the North American foodservice market. It witnessed a growth of 13.53% in sales value from 2019 to 2022 due to the increasing consumption of coffee in the region. The most popular drinks in the region are cappuccino, Americano, and latte. For instance, 64% of American adults currently consume coffee every day, and more than 150 million Americans had about 400 million cups of coffee per day or more than 140 billion cups per year in 2021.
- However, by country, the United States held the largest market share of 71.62% by value in 2022. There are over 50,000 coffee shops in the United States, among which independent outlets accounted for the major share of 62.58% in value terms compared to the chained outlets (37.42%). However, the consumption of cordials and liqueurs amounted to about 27.6 million per nine-liter cases in the United States in 2021, which increased the sales for bars and pubs in the country.
- In 2020, the sub-segment observed a sudden dip of around 29% in value terms from 2019. Due to COVID-19 regulations, cafes and bars were closed, and people were avoiding dine-out options as they were working from home, which reduced coffee consumption. Overall, the sales value of cafes and bars observed the second-largest dip of 29.04% from 2019 to 2020.
- The specialist coffee & tea shops sub-segment is projected to be the fastest-growing, with a CAGR of 14.75% by value during the forecast period. Owing to the rising consumption of specialty coffee, the consumption of traditional coffee declined by 10-12% in 2021, especially among consumers aged 18-30 years. Bubble tea is becoming popular among consumers. For instance, in the United States, in 2021, 95% of women tried bubble tea versus 81% of males.

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Bars and pubs are the highest grosser owing to consumer affinity towards beer and related innovative beverages - craft beer

- The North American cafes & bars market was dominated by the United States, with an estimated CAGR of 5.34% by sales value during the study period. The US market was primarily driven by the increasing sales at bars & pubs (2021-2022: 22.71% by value), attributed to the rising footfall in these outlets after the pandemic. Beer consumption at pubs also increased due to the popularity of craft beer. In 2021, beer sales in the United States increased by 1%. Volume sales of craft brewers increased by 8%, bringing the volume share of the small and independent brewers in the US beer market to 13.1%.
- Cafes held the largest share of the market, i.e., 50.89%, in 2022, followed by bars & pubs, with 29.65%. The primary driver of the cafes sub-segment in the region is the high consumption of coffee, especially at retail outlets. Coffee is consumed daily by 66% of Americans, more than any other beverage, including tap water, increasing by about 14% since January 2021.
- Independent outlets held a 60.49% share of the market by value in 2022, with chained outlets holding the rest. Canada held the region's highest share of independent outlets. The segment recorded a 67.72% value share in 2022, with chained outlets accounting for a low share compared to the regional share. This growth was mainly due to companies that operate chained outlets in the region finding it viable to expand only in densely populated provinces like Ontario and Quebec. In the other provinces on the East Coast, like Nova Scotia and Newfoundland & Labrador, chained restaurant companies may find it difficult to expand their networks due to the population being spread too thin.

North America Cafes & Bars Market Trends

Canadian coffee shops and bars offer a variety of personalized and unique dining experiences, from quick and convenient to leisurely and relaxing

- The number of cafes and bars increased by around 1,200 from 2019 to 2022. The number of franchisee establishments is increasing in the country as the companies are expanding their footprint. The number of franchisee outlets increased by more than 4,000 each year during the review period. The number of cafes and bars reached more than 13,278 restaurants in 2022. This number is projected to record an average Y-o-Y growth rate of 5.4% during the forecast period.
- Cafes and bars accounted for the third-largest share in terms of the number of outlets in 2022. Standalone cafes and bars can be found in a variety of settings, from urban neighborhoods to suburban strip malls and rural areas. They offer a range of coffee, including latte, cappuccino, Americano, and espresso. In the first quarter of 2023, the key players of coffee chains with the maximum number of outlets were Tim Hortons (3,568 outlets), Starbucks (1,417 outlets), McCafe (1,400 restaurants), and the popular bars were Civil Liberties and Botanist, offering different types of wine, craft beer, vodka, and mocktails/cocktails. These bars also provide a convenient and fast dining experience that is personalized and unique.
- An average person in Canada consumes almost three cups of coffee per day, thus increasing the number of orders per day, which reached around 114 orders per day in 2022. In the same year, the consumption of cappuccinos and lattes increased by 30% in Canada, thus boosting coffee sales and encouraging outlets to expand to cater to consumer demand.

Rising prices and increased demand boost revenues at cafes and bars

- The consumption and price of coffee steadily rose over the review period. Americans' preference for coffee has grown over the

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last decade. Since 2015, coffee consumption in the United States has increased by 5-10%. Around 60% of Americans drink coffee daily. American women spent an average of USD 2,325 per year on coffee, and American men spent around USD 1,920 per year. Also, cafes are expanding their menus or specialty drinks that are more expensive than traditional coffee or tea. The increasing popularity of third-wave coffee shops, which focus on premium coffee and artisanal brewing techniques, has contributed to the growth of specialty coffee.

- Thus, the average order value for cafes and bars increased by 16.33% from 2017 to 2022. The rising inflation rate increased by an average of 3-4% from 2017 to 2022, and the number of orders per year increased by 41.11% from 2020 to 2022. Popular coffee and drinks preferred by Americans include Cappuccino (USD 4.5 per cup), Latte (USD 5 per cup), Americano (USD 3.8 per cup), Hot Chocolate (4.75 per cup), Orange Juice (USD 6.5 per glass), Craft Beer (USD 11 per 16 oz), Wine (USD 10 per glass), Cocktails (USD 15 per glass of 1.5 oz), and Whiskey (USD 14 per peg).

- In the United States, alcohol sales increased by 22.4% in 2022 compared to 2020, of which more than 50% of sales were generated through bars, pubs, and nightclubs. Consumers in the country prefer local tastes and are willing to pay more for premium-crafted beers. Thus, the bars & pubs segment is likely to remain strong during the forecast period.

North America Cafes & Bars Industry Overview

The North America Cafes & Bars Market is fragmented, with the top five companies occupying 29.26%. The major players in this market are Dutch Bros Inc., Inspire Brands Inc., Restaurant Brands International Inc., Smoothie King Franchises Inc. and Starbucks Corporation (sorted alphabetically).

Additional Benefits:

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

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