

## **China Coffee - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)**

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### **Report description:**

China Coffee Market Analysis

The Chinese coffee market was valued at USD 4.24 billion in 2025 and estimated to grow from USD 4.49 billion in 2026 to reach USD 5.94 billion by 2031, at a CAGR of 5.79% during the forecast period (2026-2031). Sustained urbanization, higher disposable incomes, and shifting lifestyle preferences continue to pull consumers toward coffee as a modern alternative to traditional tea. Besides, government trade-in programs that subsidize coffee machines, along with a 32.5% year-on-year surge in coffee imports in 2024 as per the USDA, underscore policy-led demand creation. In China's coffee market, domestic brands implement data analytics to identify growth opportunities in lower-tier cities, facilitating systematic store expansion and market penetration. The market demonstrates increased premiumization through specialty coffee products, single-origin selections, and specific brewing methods that meet consumer requirements. Multinational suppliers increase market competitiveness through investments in local research and development, modifying flavor profiles, packaging, and product formats according to Chinese consumer preferences. These operational strategies in expansion and product development transform the competitive environment and extend coffee consumption beyond major urban markets.

China Coffee Market Trends and Insights

Rising interest in specialty, gourmet, and artisanal coffee

The wave of premiumization is transforming the coffee market in China, as consumers increasingly demand specialty, gourmet,

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and artisanal coffee. This shift is driven by a strong preference for unique flavor profiles and compelling origin stories. Yunnan province leads this transformation, supported by government targets to achieve a 30% specialty coffee rate and an 80% deep processing rate by 2024, fostering higher quality and local innovation. Major international brands, such as Starbucks and Costa Coffee, have expanded their premium offerings, while domestic players like Luckin Coffee and Tim Hortons are innovating with regionally-inspired beverages, blending coffee with teas and fruits to align with Chinese preferences. Nestle's launch of six new products in April 2024, including the innovative "Guoran Light Coffee" fruit tea, demonstrates how established brands are adapting to local tastes while maintaining global standards. Premiumization is particularly evident in Eastern China's tier-1 cities, where consumers are willing to pay a premium for experiences rooted in craftsmanship, storytelling, and quality sourcing. The cafe culture is thriving, with demand for artisanal brews, signature drinks, and environments that enhance social interactions. Local roasting capacity and research and development investments, particularly from brands like Soulmade Coffee in Shenzhen, are increasing to develop China-specific flavor profiles that combine international expertise with traditional tastes. This growth is fueling product diversification and advancing consumer education. The convergence of government support, brand innovation, and evolving urban consumer expectations is reshaping the coffee landscape into one of the most dynamic premium coffee markets globally.

#### Expansion of cafe culture

The rapid expansion of cafe culture in China has resulted in the establishment of nearly 12,000 new coffee shops over the past year, bringing the total number of outlets to approximately 67,000 by the end of 2024. This growth extends beyond major metropolitan areas to include emerging "new first-tier" cities, where younger and working-class consumers are driving demand for affordable and convenient coffee options. Local chains, such as Nowwa Coffee, are spearheading this expansion. Operating over 2,000 outlets with compact store formats in convenience stores and hotels, Nowwa targets office workers and service industry employees who previously relied on energy drinks. Government support for local coffee, particularly beans from Yunnan province, has further strengthened domestic coffee culture and encouraged its integration into daily life. However, the market faces increasing challenges, including saturation and intense price competition, which have driven a 14% decline in average coffee prices in 2024. To remain competitive, many coffee chains are diversifying their offerings by incorporating tea drinks, snacks, and culturally themed beverages, enhancing their social media presence and local relevance. This shift reflects broader changes in Chinese consumer behavior, where coffee is increasingly perceived as both a social and functional beverage. As a result, global and domestic brands are adapting their strategies to navigate a fast-growing yet highly competitive market. The evolving cafe culture is a critical driver of growth in China's coffee market and is reshaping consumption patterns across urban areas.

#### Fluctuations in global coffee bean prices

Fluctuations in global coffee bean prices present significant challenges for businesses operating in the Chinese coffee sector, exerting pressure on profit margins in an intensely competitive market. In 2023, China, the world's fifth-largest coffee importer, brought in coffee worth over 1.1 billion USD as per the China Food, Native Produce and Animal Products Import and Export Chamber of Commerce. This makes the nation's coffee sector especially susceptible to supply disruptions from leading coffee-producing countries. Adding to this vulnerability, the General Administration of Customs of China (GACC) mandates stringent registration for coffee beans, classifying them as medium to high-risk foods. This classification requires importers to navigate rigorous documentation and testing, complicating and increasing their costs. Intense price competition among domestic brands has driven down the average price of a coffee cup. In response, companies like Luckin Coffee and local roasters are diversifying their sourcing strategies and forging direct ties with coffee-producing regions, aiming for stable supply chains. However, these strategic investments come with hefty capital demands and a long-term commitment, necessitating a balance between ensuring quality and managing costs. The persistent price volatility highlights the critical need for supply chain resilience and strategic procurement in China's burgeoning coffee market. As consumer demand surges and brands vie for relevance and profitability, these challenges act as a significant restraint on market expansion, urging innovative sourcing and operational management strategies.

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Other drivers and restraints analyzed in the detailed report include:

Increasing popularity of homegrown brands  
Government incentives for Yunnan coffee farming  
Strong cultural preference for tea in rural areas

For complete list of drivers and restraints, kindly check the Table Of Contents.

### Segment Analysis

In 2025, instant coffee holds a dominant 66.65% market share, reflecting strong consumer demand for convenience and affordability. However, the ready-to-drink coffee segment is experiencing rapid growth, with a 6.86% CAGR projected through 2031, driven by advancements in cold chain logistics and the fast-paced nature of urban lifestyles. For instance, Nestle has responded to evolving consumer preferences by consolidating its sub-brands under the unified "Nestle Coffee" name and introducing six new products, including instant and RTD options. Additionally, the ground coffee and whole-bean segments are witnessing steady growth, supported by increased adoption of home brewing equipment and government trade-in programs that include coffee machines.

Besides, coffee pods and capsules represent a premium niche with significant growth potential, as demonstrated by Nespresso's leadership through localized product adaptations and larger serving sizes tailored to consumer preferences. The shift from instant to fresh coffee formats highlights a broader premiumization trend, with fresh coffee's market share increasing while instant coffee's share declines. This shift indicates long-term structural changes in consumption patterns, as consumers become more sophisticated and quality-conscious in their coffee choices.

Plain coffee variants hold a significant 87.55% market share in 2025, highlighting the strong consumer preference for traditional flavors and the continued dominance of instant coffee consumption. On the other hand, the flavored coffee segment is experiencing robust growth, with a projected CAGR of 7.58% through 2031. This growth is driven by the introduction of innovative products that cater to local taste preferences and incorporate seasonal ingredients. For instance, Nestle's launch of "Guoran Light Coffee," China's first coffee fruit tea, along with citrus-infused variants in 2024, exemplifies how companies are strategically blending coffee with familiar flavors to enhance market penetration. The flavored coffee segment also benefits from the increasing willingness of younger consumers to experiment with new taste profiles, coupled with the influence of social media in promoting unique and engaging beverage experiences.

Local brands, such as Luckin Coffee, have effectively utilized flavor innovation as a competitive strategy, frequently introducing limited-time offerings that generate excitement among consumers and drive social media engagement. This trend toward flavor diversification aligns with broader shifts in Chinese food culture, where fusion concepts and international influences are becoming more widely accepted. Seasonal and festival-themed flavors have emerged as particularly effective in maintaining consumer interest, enabling brands to drive repeat purchases through limited-availability marketing campaigns that create a sense of urgency and exclusivity.

The China Coffee Market Report is Segmented by Product Type (Whole-Bean, Ground Coffee, Instant Coffee, and More), Flavor (Plain, Flavored), Category Type (Conventional, Specialty/Organic/Single-Origin), Bean Type (Arabica, Robusta, Others), Distribution Channel (On-Trade, Off-Trade), and Geography (Eastern China, Southern China, Northern China). The Market Forecasts are Provided in Terms of Value (USD).

List of Companies Covered in this Report:

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Nestle S.A. Starbucks Corporation Luckin Coffee Inc. JAB Holding Company Luigi Lavazza S.p.A. TH International Limited (Tims China) Hainan Lisun Investment Co., Ltd. Dehong Hogood Coffee Co., Ltd. UCC Ueshima Coffee Co., Ltd. The Coca-Cola Company (Costa) Strauss Group Ltd. Illycaffè Shanghai Co. Ltd. Trung Nguyen Coffee Zhejiang Lixing Technology Co., Ltd (Nowwa Coffee) Saturnbird Coffee Pacific Coffee Cotti Coffee NOC Coffee Co Gloria Jean's Coffees PT Mayora Indah Tbk (Coffee)

Additional Benefits:

<ul> The market estimate (ME) sheet in Excel format  
3 months of analyst support </ul>

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